

Chinese reconsider Tibetan policy

By Robert Thomson in Peking

TRUCKS carrying Chinese armed police were yesterday driven through the streets of the Tibetan capital, Lhasa, in a show of force...

The Panchen Lama, a party-approved Tibetan spiritual leader, is at the centre of the deliberations...

However, the Panchen, who had encouraged lenient treatment of protesters arrested late last year in Lhasa, has attempted to cover his political tracks by announcing that those Tibetans severely should have been "punished severely" and that he was "shocked" by Saturday's demonstration.

The "separatists" had totally misunderstood the Government's policy on Tibet. They regard the central Government's forbearance as a sign of weakness, assuming that the more violently they riot, the more we shall give in.

The statement is typical of a leader who has attempted to balance the conflicting demands of Buddhism and Communism, but has played a key role in the relaxation of party control over religion.

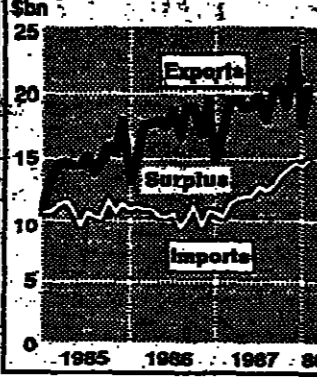
He is second in rank to the Dalai Lama, who fled Lhasa in 1959 after a failed uprising. The anniversary of the Dalai's flight was a reason for the heavy police presence in Lhasa yesterday.

Last month, the Panchen condemned Chinese in Tibet for their ignorance of Tibetan culture and was the first to admit that Chinese police had opened fire during the protests last year.

South Africa appeal

The legitimacy of South Africa's state of emergency and restrictions imposed on 18 anti-apartheid groups in February are to be challenged in the Cape Town Supreme Court, Jim Jones writes from Johannesburg. Yesterday four of the groups appealed to the court on the validity of the state of emergency itself and on last month's restrictions, which are said to be too wide.

Japanese Trade



Growth of imports into Japan resumes sharp increase

THE growth rate of imports into Japan resumed its year-old strong rising trend last month after a slight decline in January, according to customs-clearing figures published yesterday by the Ministry of Finance...

Imports from the US in February soared to \$3.4bn, 51.9 per cent higher than in February, 1987. Imports from the European Community were up 61.3 per cent at \$1.8bn, while those from South East Asian countries rose 45.3 per cent to \$3.6bn...

new record level and the continuing upward trend showed that Japan's economy is accomplishing major structural change. One pointed out that the portion of manufactured goods in the February import totals reached an all-time high of 49 per cent.

General and electrical machines were among the main categories of exports showing growth last month, while the main consumer product categories, cars and electronic goods, were flat or down.

The overall trade surplus in February fell 26.5 per cent from a year earlier to \$5.2bn. The trade surplus with the US fell 14.3 per cent to \$3.38bn. Exports to the European Community rose 22.5 per cent to \$3.82bn, resulting in a bilateral trade surplus for Japan of \$1.9bn...

After a long battle, hill tribes seem nearer deal with Bangladeshi Government, writes Alistair Guild Chittagong guerrillas come closer to winning peace

AN END may be in sight to a 14-year-old guerrilla war in Bangladesh that successive governments have more or less denied ever existed.

That they are in danger of losing their cultural, ethnic and economic identity in a tidal influx of plains people.

The committee's programme stops short of tribal demands for self-government, but promises to involve tribes in more closely-linked decisions about the administration and development of this socially beautiful area.



Nonetheless, the dam not only produced electricity, but opened up many otherwise inaccessible areas. Timber and paper mills and a cluster of other industries were established at Chandraghona, and the lake was opened up for tourism.

identities. When, in 1975, a parliamentary form of government was replaced with a Presidential one, allowing only one party and banning all but two newspapers, tribal leaders' anxiety once more increased.

The largest settlement of mainly Muslim Bengalis in the 3,000 sq km of dense monsoon hill-forests took place during the mid to late 1970s.

The tribes, generally Buddhist and Animist by faith and Indomongoloid in appearance were largely non-farming people. But the growth in their populations made it necessary to bring valley floors under the plough.

The Pakistan Government (Bangladesh was East Pakistan before it was established in 1971) decided that development on such a scale could only proceed if the area was centrally administered from Karachi.

Finally in 1984 the Pakistan Government formally abolished the hill tracts' tribal character, extending the fundamental rights of the rest of the country into the area.

Some put out feelers across the border to the neighbouring Indian state of Tripura, seeking support for their cause in arms and money, with limited success.

In 1982, President Ershad stopped any further settlement of non-tribal people in the area while outbreaks of violence prompted many Bengalis to return to their original homes. By 1986 the non-tribal population had fallen to 160,000.

That now seems possible after a series of secret meetings at the end of last year between tribal leaders and a National Committee for the Hill Tracts. The committee was set up last year and includes, significantly, Bangladesh's High Commissioner in New Delhi, Mr. Farooq Ahmed Chowdhury.

The Shanti Bahini guerrillas, financed out of the TSSM (\$1.5bn) raised in taxes from any contractor, farmer or businessman operating in the area, are thought to be under some pressure to reach a settlement.

The rajahs' authority was thus diminished, although the Government did not formally abolish the hill tracts' tribal character, as enshrined in the manual of 1900.

Both decisions resulted in a sizeable influx of non-tribal people, sparking anxiety about their ability to retain their individual

But now, according to one observer, the fighters are running short of weapons. They once received arms and ammunition through dealers in Bangkok. But then the routes across Burma closed when the Burmese Communist Party lost control of the corridor to rival factions.

Gen Sudharmono, currently State Secretary and head of Golkar, the government party, is expected to win. However, the decision by Mr. John Naro, head of the Muslim United Development Party, to contest the election has thrown the house into confusion.

Iran-Iraq missile war at end

By Richard Johns

THE vicious exchanges of long-range missiles between Iraq and Iran, which began on February 28, looked last night as if they had come to an end with both belligerents clearly exhausted by 11 days of reciprocal bombardment.

Iran initiated the exchanges with two missile attacks on February 29. It is believed to have fired the last missile in the prolonged duel.

The Iraqi overture also seemed to reflect concern about the damage to civilian morale resulting from nearly 30 Iranian strikes against Baghdad. By its own count Iraq has now launched more than 50, nearly all of them, since over by President Saddam Hussein.

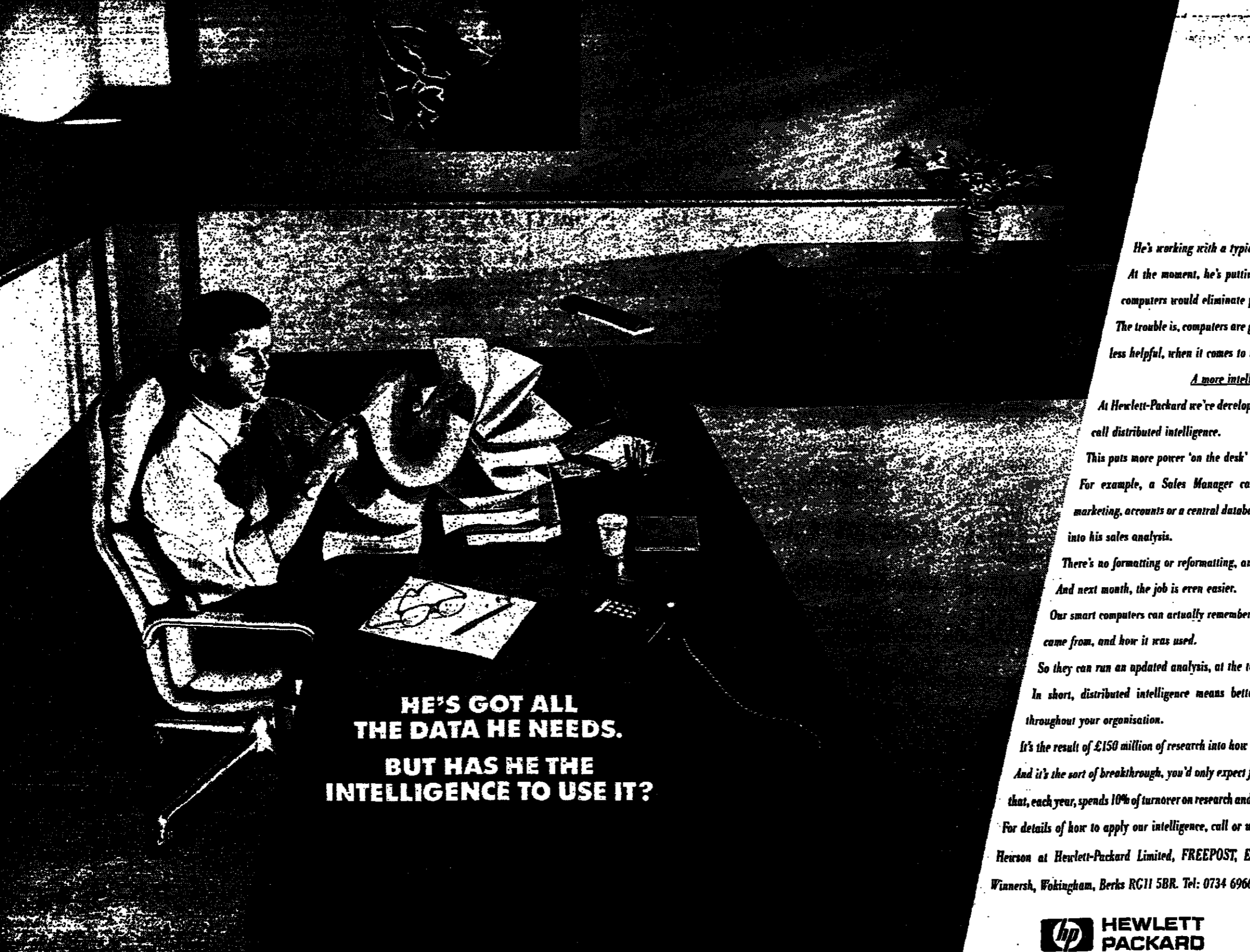
Arabs target Israeli economy

By Andrew Whitley in Jerusalem

THE underground leadership of the Arab uprising in the occupied territories yesterday called for increased economic action against Israel.

In a clandestine leaflet, the 10th of its kind, it urged businessmen not to pay their taxes, accountants not to co-operate with the Israeli authorities and consumers to boycott Israeli goods where substitutes were available.

handle problems of keeping transport lines," he said. The minister disclosed that between a third and a half of forces deployed in the occupied territories were devoted to the security of the main roads.



HE'S GOT ALL THE DATA HE NEEDS. BUT HAS HE THE INTELLIGENCE TO USE IT?

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A more intelligent approach to computing

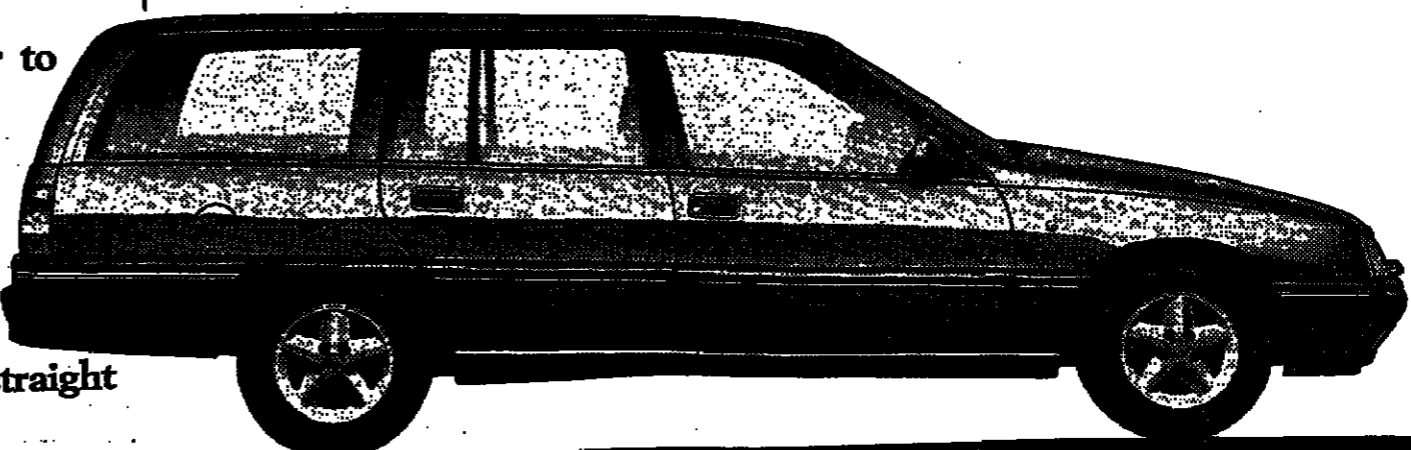


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to your defence. A rigid steel safety cage, front and rear crumple zones, child-proof locks, anti-jamming doors. Our safety specifications are the equal of anyone's. The Carlton also boasts a fuel economy other estates can only envy and a load capacity most cars would choke on (a massive 65.3 cubic feet no less). It came as no surprise then, that in 1987 the Carlton was voted Car of the Year. More importantly, Motor magazine concluded recently in a comparative test report with the Volvo 740 GLE that the Carlton was "most certainly the better estate car". Their words, not ours. For further information call 0800-400-462.

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UK NEWS

COMMITTEE OF MPs CALLS ON GOVERNMENT TO REJECT VAT PROPOSALS

EC internal market plan under fire

BY SIMON HOLBERTON

THE EUROPEAN Commission's plan for the completion of an internal market in Europe by 1992 yesterday came under fire from an all-party committee of MPs.

The Treasury and Civil Service Committee unanimously condemned proposals by the EC to harmonise rates of value added tax and excise duties, and called on the Government to reject them formally.

The committee said in its report that the Commission's proposals were flawed and appeared unlikely to be wholly acceptable to anyone.

As part of its plan to harmonise certain consumption taxes the EC would abolish zero-rating, and has proposed two permissible bands for VAT - 14 per cent to 20 per cent and 4 per cent to 9 per cent. There would be standardised rates of duty on tobacco and alcohol-based products.

The committee said the Government should tell the EC formally that it would not consider reforms to indirect taxation that included the abolition of zero-rating. Britain does not apply VAT to items such as children's clothing, fuel and food.

The committee took evidence from Lord Cockfield, the EC commissioner responsible for the internal market and a former government minister, but rejected it outright. It also heard from Mr Peter Lilley, Economic Secretary to the Treasury.

The committee said it was not sure the Commission had convincingly shown that its proposals were necessary for the completion of an internal market.

The fact that the same product bears a different price in one EC state than in another [encouraging cross-border shopping] is due to a myriad of factors such as currency fluctuations, direct

and indirect subsidies, the level of interest rates, preferential government loans, legal and market differences," it said.

The committee was also critical of the Commission's proposals for duties on alcohol and tobacco products. It said it did not think it acceptable for duties that reflected, in part, social and health policies, simply to be averaged.

The European Commission's proposals on the approximation of indirect taxation, Treasury and Civil Service Committee, Third Report, 51.20.

Retailers point to firm upward trend in consumer demand

BY RALPH ATKINS

SALES IN shops and stores grew steadily in February and further growth is expected in March, according to the Confederation of British Industry/Financial Times quarterly survey of distributive trades.

Out of 254 retailers questioned, 44 per cent said sales in February were good for the time of year while only 10 per cent said they were disappointed.

January's results were distorted as exceptionally good weather helped increase sales and this could also have affected February's results.

The survey tallies with official figures showing that the long-term trend for retail sales continues to be firmly upwards with October's sharp crash appearing to have had little impact. Figures for February will be published on Monday and are expected to show a further rise.

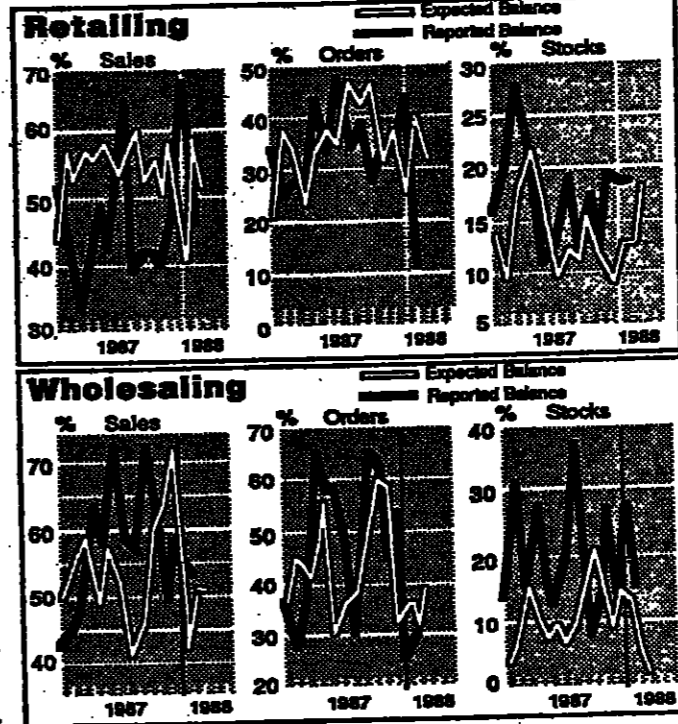
Mr Nigel Whitaker, chairman of the survey panel, said: "The results of the survey show that solid sales increases have been maintained in February, and retailers anticipate that these good increases will continue into this month as well."

In February the balance of retailers reporting an increase in sales compared with the same solid sales increases have been maintained in February, and retailers anticipate that these good increases will continue into this month as well.

For March, a balance of +51 per cent expect an increase in sales. Shoppers' spending power, leather goods and off-licences are most optimistic about sales in March.

However, expectations have been frustrated in 10 out of the past 12 months. Mr Whitaker said: "The general impression I get from retailers is that they are now talking much more openly about a moderation in the rate of growth."

Distributors' selling prices accelerated in February with a balance of +85 per cent reporting an



Army fraud 'may have run into millions'

By Lynton McLain

THE COST of fraudulent expense claims by former or serving civilian personnel in the army "may well have run into millions, rather than hundreds of thousands of pounds," the House of Commons committee of public accounts said yesterday.

In its latest report on the Ministry of Defence, the committee expressed its astonishment that no disciplinary action was taken against those involved in what the report called an "extremely serious and disturbing fraud."

The blatant control failures that allowed the malpractice to go on for so long were also criticised.

Sir Clive Whitmore, Permanent Under Secretary at the MoD, had told the committee in evidence that the sums involved were "considerably greater" than the £203,000 noted in the 1986-87 MoD appropriation accounts.

The committee was concerned that it had taken the MoD nearly three years to decide on a course of action which, in the end, was confined to issuing warning letters to those involved.

Sir Clive accepted that "with hindsight, given the serious nature of this case, it would have been better had ministers been involved" in what to do about the fraud.

The committee rejected the MoD view that the decision by the director of public prosecutions that the evidence in individual cases would not sustain criminal proceedings was a bar to internal disciplinary action for breaches of rules and neglect of management duties.

House of Commons, Twentieth Report from the committee of public accounts, session 1987-88 Ministry of Defence: Fraudulent expense claims: Meteorological services. House of Commons Paper 332, HMSO, £3.20.

UK companies boost overseas investment

BY RALPH ATKINS

OVERSEAS INVESTMENT by British companies last year was almost three times greater than foreign companies' investment in the UK, according to official figures published today.

Provisional statistics from the Department of Trade and Industry show net direct investment overseas by UK companies was £17.8bn last year. Investment flows into the UK totalled £6.1bn.

The figures cover investments that give the investor a voice in the management of the enterprise and exclude portfolio investments. They also take account of divestment by companies.

Overseas investment by UK companies has shown steady growth in the past three years - rising from £8.7bn in 1985 to £11.6bn in 1987.

Inward investment remained constant at about £4.2bn in 1986 and 1987 before rising last year.

The figures, published in British Business, the official magazine of the DTI, show that by far the largest share of UK companies' overseas investment went to the US.

In 1986, the latest year for which a geographical breakdown was available, the US accounted for 58.5 per cent of total investment.

Although US investment has grown markedly compared with 1985, investment in European Community countries has declined.

EC countries took a 21.2 per cent share in 1986 compared with 28.6 per cent in 1985.

Of the EC countries, the Netherlands received the largest share - £1.8bn - of UK company investment in 1986. France was second with £2.6bn, followed by Italy with £1.9bn.

Net investment in South Africa fell from £1.9bn in 1985 to £26m in 1986. Investment in other African countries was £22m in 1986; Asian investment totalled £361m.

Provisional estimates show savings on UK company investments abroad were £10.8bn in 1987.

That compares with £7.7bn in 1986 and £7.5bn in 1985. Earnings from investments in the UK are estimated at £5.8bn in 1987 against £5.8bn in 1986.

Most investment in the UK in 1986 was by EC countries, which accounted for 57.3 per cent of the total. Investment by US companies took a 31.2 per cent share.

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This announcement appears as a matter of record only. March 10, 1988.

Acquisition by STERLING HOLDING A/S of STERLING AIRWAYS A/S for DKK 754,000,000

The total share capital of Sterling Airways A/S has been acquired from The Tjareborg Group in Denmark by a Danish company Sterling Holding A/S, established at the initiative of the management of Sterling Airways A/S. The shares of Sterling Holdings A/S have been placed with Danish and other Scandinavian investors.

SPAREKASSEN SLS and GUDME RAASCHOU

GM in union talks

EXECUTIVES FROM General Motors' UK subsidiaries are expected to meet national officials of the motor industry unions on Monday in an attempt to settle a threatened strike over the company's plans for its pension fund surplus.

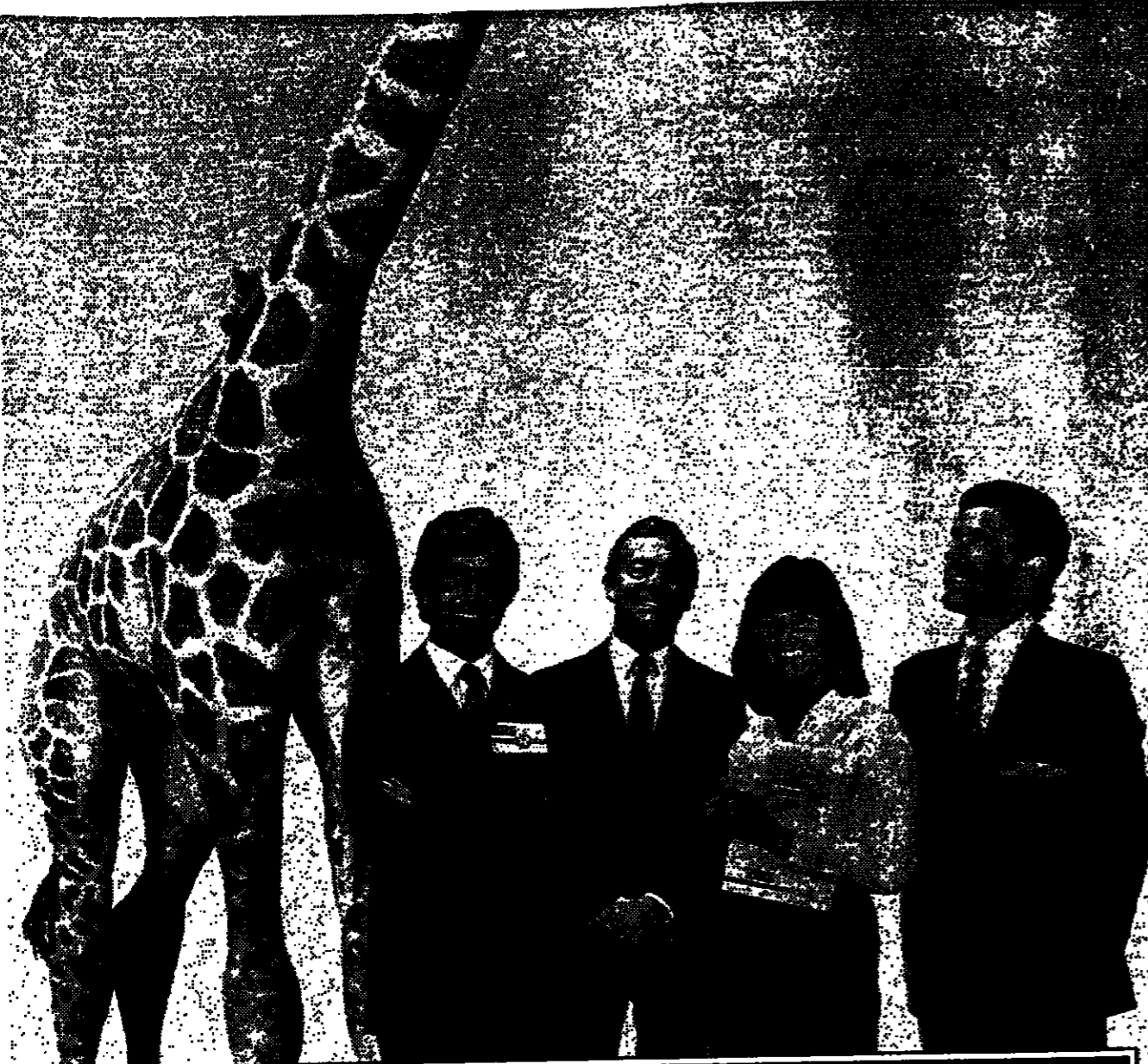
What are the likely implications of next week's Budget for the UK economy? Find out by calling BZW BUDGET PREVIEW on 0898 12 12 72.

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INTERIM RESULTS FOR THE SIX MONTHS ENDED 31ST DECEMBER 1987

	1987 M\$ Million	1986 M\$ Million
TURNOVER	1,515.3	1,160.1
PROFIT BEFORE TAXATION	133.6	77.3
EARNINGS	59.2	35.8
EXTRAORDINARY PROFITS	4.5	27.2
GROUP PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF SIME DARBY BERHAD	63.7	63.0
	M. Sen	M. Sen
EARNINGS PER SHARE	6.4	3.9
DIVIDENDS PER SHARE - NET	2.4	1.8

UK NEWS

International policy expert to quit Bank

BY ALEXANDER NICOLL, EUROMARKETS EDITOR

MR PETER COOKE, a Bank of England official who, for 11 years, has spearheaded international co-ordination of banking supervision, is to leave the Bank later this year.

B&C sues Montagu over sale agreement

BY CLAY HARRIS

BRITISH & Commonwealth Holdings, the financial services group, yesterday sued Samuel Montagu, the merchant bank, for alleged "negligent mis-statements" on behalf of Quadrex Holdings, the securities firm which last month failed to complete a \$280m acquisition from B&C.

Mrs Thatcher dominates her Cabinet more today than ever, writes Peter Riddell

Loneliness of a long distance PM

IMAGINE the scene - a committee room in Whitehall. Enter Mrs Margaret Thatcher at a brisk pace. "I haven't got much time. I've only time to explode and get my own way," says the Prime Minister.



Margaret Thatcher: unchallenged

past month its date has been moved from the usual Thursday to suit her travels. The full Cabinet is anyway less important than its committees, and particularly the small ad hoc groups which Mrs Thatcher prefers to deal with issues such as the future of the health service.

Thatcher and Lawson find accord on sterling

By Michael Cassell and Simon Holberton

MRS MARGARET THATCHER, Prime Minister, and Mr Nigel Lawson, the Chancellor of the Exchequer, yesterday sought to scotch suggestions of a disagreement between them on exchange rate policy and reaffirmed that control of inflation was the Government's economic priority.

Motorola profits surge on mobile telephone boom

BY TERRY DOODSWORTH, INDUSTRIAL EDITOR

THE BRITISH subsidiary of Motorola, the US semiconductor group, doubled its pre-tax profits last year to a record \$17m, as the company benefited from the boom in the mobile telephone industry and strong semiconductor sales.

Government freed to sue DeLorean auditors in US

BY RICHARD WATERS

ARTHUR ANDERSEN, the former auditor of the DeLorean Motor Company, has lost the first stage of its fight to prevent the British Government from pursuing it for negligence through the US courts.

W. Germany to upgrade wine sold in Britain

BY LISA WOOD

BRITISH SHIPPERS of West German wine are working with the West German government and wine producers to upgrade the quality and image of its wine sold in the UK.

Motorola profits surge on mobile telephone boom

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Advertisement for Warburg Investment Management Jersey. Includes a map of Jersey with coordinates 49° 13' North and 2° 08' West. Text: (Just in case you haven't yet found the best investment advice in the world.) Jersey is only 9 miles wide. But it's here you'll find Warburg Investment Management Jersey Ltd, with around £2,000 million invested, much of it for our private clients. 'The world's best?' Consider, we're part of Mercury Asset Management Group plc, with £20,000 million invested worldwide with offices in Japan, the Isle of Man, Switzerland, Hong Kong and the USA, and a consistently outstanding performance record. Find us soon. Write to us at 39-41 Broad Street, St Helier, Jersey. Or phone us on Jersey 74715. WARBURG INVESTMENT MANAGEMENT JERSEY

MANAGEMENT

FROM A small town deep in snowy Sweden it is crystal clear why a clutch of major companies in Europe and the United States is rushing to construct a set of integrated cars-to-aircraft combines. But Linköping, from where Saab-Scania has pioneered such "synergy" for 40 years, is also an ideal place to see why it will be hard for the likes of Daimler-Benz and General Motors, and most particularly now for British Aerospace-Rover, to achieve this high-tech dream.

That Saab has benefited from cross-fertilisation between aerospace and automotive technology since the Second World War is without doubt, even if the company sometimes overplays this in its advertising. There is clear evidence, both under the bonnet and outside it, of an aircraft influence on Saab cars, and, in limited ways, on Scania trucks.

Truck engine technology, in turn,

has been applied to the cars. More surprisingly, there is now some flow in the reverse direction from truck manufacture to the aircraft side.

The company expects a sharp increase in cross-fertilisation over the next decade (see article below), especially in the application of aerospace-type electronic systems to its high-performance cars.

Yet a long line of hurdles stands in the way of anyone, especially the ill-matched Anglo-Saxon pair, who tries to clone this Viking pioneer. Put simply, there are barriers of almost every conceivable kind: time, technology, experience, corporate culture, and marketing.

Together, they combine into a managerial challenge of daunting dimensions which will be met, if at all, only by marriages between well-matched, technology-strong companies with a remarkable degree of managerial

patience. Daimler, Dornier and AEG may prove a suitable "family" but BAe and Rover are an odd couple in comparison.

Whenever you go in the offices and corridors of Saab-Scania's Linköping headquarters, executives remind you of the decades it has taken them to build the essential common denominator of a vehicles-to-aircraft company: a unified engineering culture in which ideas can flow freely from one division, department and discipline to another, without being held back or rejected by the sort of internal suspicion and defensiveness which plagues most engineering companies.

They also point out that the process for managing cross-fertilisation has had to be adjusted sharply several times after lengthy periods of trial and error; the most recent was a radical shake-up in 1987. Though Saab-Scania managers are

cautiously polite about the Daimler, GM and BAe-Rover initiatives, they want in remarkable unison that it can take more than 10 years to digest a takeover. They are not exaggerating: the original Saab aerospace and car company merged with Scania trucks in 1968, "but it took us until the late 1970s really to start reaping advantage," according to Kai Hammarick, a senior vice-president.

Without the previous 20 years' experience of cross-disciplinary working (the first Saab cars were designed by aircraft engineers), it could well have taken even longer.

Then there is the small but vital matter of Saab-Scania's unusually open position throughout its product range. This creates a virtuous circle of technology, marketing and financing.

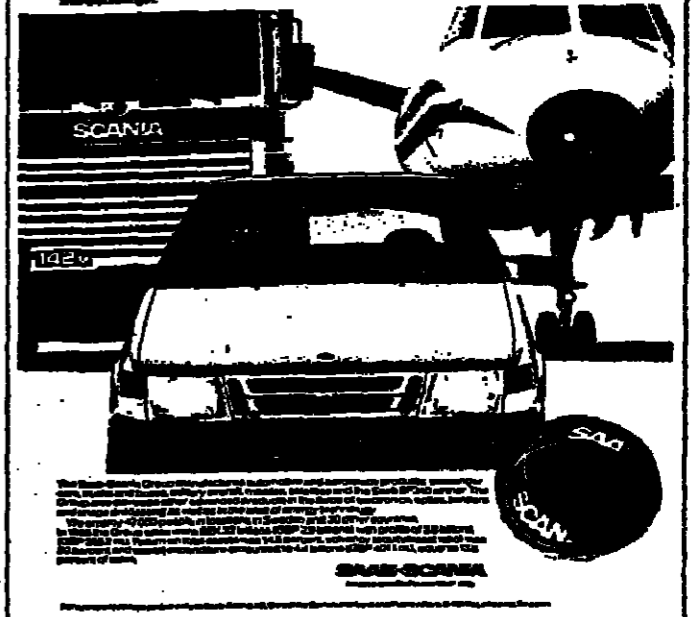
Saab's asymmetry of high-tech, high-performance, up-market products has not only developed a universal internal

market for high technology, but has stimulated an internal supply of it, which in turn has developed the requisite critical mass of skilled engineers and technical intensity. And it has enabled the company, through almost all of its product range, to charge premium prices to finance its technology.

The enlarged Daimler group may share this set of enviable characteristics, but GM and especially BAe-Rover do (or would) not. A group which contains some sizeable unbalanced parts — such as the large Austin standard car unit within Rover — will find it difficult to create and afford this virtuous circle, even if some of it (BAe) is as high-tech as Saab-Scania.

Significantly, the Swedish company's executives need no prompting at all to praise BAe. "We admire them tremendously," is a frequent remark. But similar comments about Rover are conspicuous by their absence.

The Saab-Scania tradition points in one direction.



Saab portrays the benefits of cross-fertilisation between aerospace and automotive technology in its advertising.

How Saab created the art of fly-drive

Christopher Lorenz visits the Swedish cars-to-aircraft maker and finds lessons for its would-be emulators

FOR THE PAST six months Saab-Scania has been saving time and money by doing some of its cross-tests of complete new cars on a computer simulation programme, instead of just hurling actual vehicles against concrete barriers.

The development of this advanced "strength analysis" system is being controlled by an expert seconded part-time from Saab's aircraft division, which also provides use of its expensive Cray supercomputer.

Rolf Sandberg, head of development and production for Saab's car division, cites this safety research as one of a dozen recent examples of cross-fertilisation between the group's aircraft, car, truck and electronics divisions.

Another is the transfer from aerospace to cars of computer-aided design techniques for complex cable networks, in this case a handful of development engineers from the aircraft division in central Sweden spent eight months commuting to and from the car division near the country's west coast.

Such examples of Saabian synergy are less widely-known than the group's cross-disciplinary development and application of aerodynamic exteriors, turbo-charged engines, drivers' ergonomic "cockpits", and cable-free "direct ignition" systems.

But up to now they have been the bedrock of the company's cross-breeding of technological strength between its remarkably broad-based activities: not just cars, trucks, fighters, missiles and civil aircraft, but various electronic systems for space technology, military applications,

industrial automation, and — latterly — cars.

Such projects are also typical of the range of ways in which Saab-Scania organises cross-fertilisation. Most development work for the various divisions has always been located at their separate sites across Sweden.

Until recently co-ordination between them was left to a relatively informal process in which collaboration grew out of personal contacts. As the need for specific joint projects arose, cross-divisional teams were set up on an ad hoc basis. Such collaboration spawned further contacts and, in turn, more collaboration.

But, by the early 1980s, "the informal system didn't work so well," says Rolf Sandberg. "There were considerable contacts across the company, but its size had grown." So had the number and the complexity of its in-house technologies. With 14 years' difficult digestion of the Saab-Scania merger behind it, the decision was taken to stimulate further synergy — and clearer prioritisation — between projects — by the creation of a formal co-ordination group.

This consists of the technical heads of each division, their development and production directors, plus a number of other experts. The group meets quarterly at each location in turn.

As well as reviewing progress and defining new inter-divisional projects such as computerised crash testing, it settles the way the costs of working groups will be shared. Saab-Scania has no central research or development.

Leadership of each working group is sometimes given to the division making the biggest contribution, but not always. From their respective divisional positions, both Sandberg and Magnus Ingemar Olsson, technical director of the aircraft division, stress that it is people, not procedures, who constitute the main channel for Saab-Scania's cross-fertilisation. "We usually don't move people when we put them on joint teams," says Olsson. Instead they do a lot of committing by aircraft around



George Karnsund: "We should control our electronics too"

Sweden, though the company also makes considerable use of teleconferencing.

In addition to the occasional secondment, there are a few permanent transfers. The most notable example of this is between the truck and aircraft divisions.

The current aircraft production director worked in trucks until 1981, and has been followed across by five other truck executives in materials purchasing, logistics and production development. "The car and truck divi-

sions are very advanced in production planning and engineering," says Olsson. "We have a lot to learn from them."

As if to run home the point about cross-fertilisation, Olsson and his aircraft colleagues got a new divisional boss six months ago — a senior executive from the car division.

As well as this introduction of formal synergy-speeding mechanisms, 1983 also brought a more radical organisation change. The old aerospace division was split into two aircraft and a brand-new unit, the self-standing Combitech ("Combined Technologies") group. This ties together Saab-Scania's interests in advanced technologies — especially electronics — for military systems, space and industrial automation. Though it does make some hardware, its primary role is "as a systems house," says George Karnsund, president of Saab-Scania.

It was Karnsund's belief in the need to give these activities a more entrepreneurial environment, free of what one executive calls "an overwhelming air culture," which led to the creation of Combitech. Constructed as an unusual collection of 13 small companies (now grown to 17), but with formal technology links between them, its sales have doubled to SEK1.4bn (£138m) since its foundation. It still accounts for only three per cent of Saab-Scania's group revenues (SEK4.4bn in 1987), but its strategic importance is out of all proportion.

Combitech has helped in several ways to improve the flow of aerospace systems technology to

cars and trucks, but its primary purpose was to accelerate the exploitation of Saab-Scania's systems know-how in sales to third parties. Per Rieberg, its president, points proudly to the fact that 80 per cent of its orders last year came from outsiders, and was not aircraft-related.

In a few years' time — the in-house proportion may rise. For one of Combitech's prime growth activities is in automotive electronics, which George Karnsund expects to be "the fastest-expanding industrial market for the next five years."

Accused of over-statement, Karnsund jumps up, dashes out of his office, and comes back brandishing an independent expert's prediction of a near-tripling in the "electronic content" of the average American car between now and the year 2000, to around \$2,000 a car.

It is not just Saab and other performance cars which will be affected, he insists. "I'm not talking about fancy electronics at all," he says, "just engine control, transmission, suspension, braking systems and so on."

"The thing that gives an aircraft extra performance these days is electronics," Karnsund says. "The same will happen for cars." He stresses that "the bright changes", as he calls them, will come from complete electronic systems, not just individual packages and components. "Just as we control and develop our own engines and transmissions, we should control our electronics too. We should be the single source supplier to both our car and truck divisions."

It is this sort of logic which is

helping to drive motor manufacturers in Europe and the US into marriages with aerospace companies — even though many of them, unlike Saab, have been quite happy to buy-in engines or transmissions from outside.

The attraction of aerospace companies to the motor industry is not their (patchy) expertise in the making of electronic sub-systems of various kinds, but their considerable know-how in the design and engineering of entire systems.

"Our aircraft division has been building up its expertise in the specification of electronic systems since the 1960s," says Per Rieberg. "That's what is now starting to happen in the auto industry — people are realising that electronics will mean in the 1990s what it has meant in aircraft for 30 years. Hence all the mergers."

Despite Karnsund's bullishness, Rieberg warns that the creation of complete electronic car systems, including automatic sensors for traffic control, "will take a long time — it's a difficult task."

The other main potential area for cross-fertilisation between Saab's aerospace and automotive businesses is in advanced materials, where it has built expensive

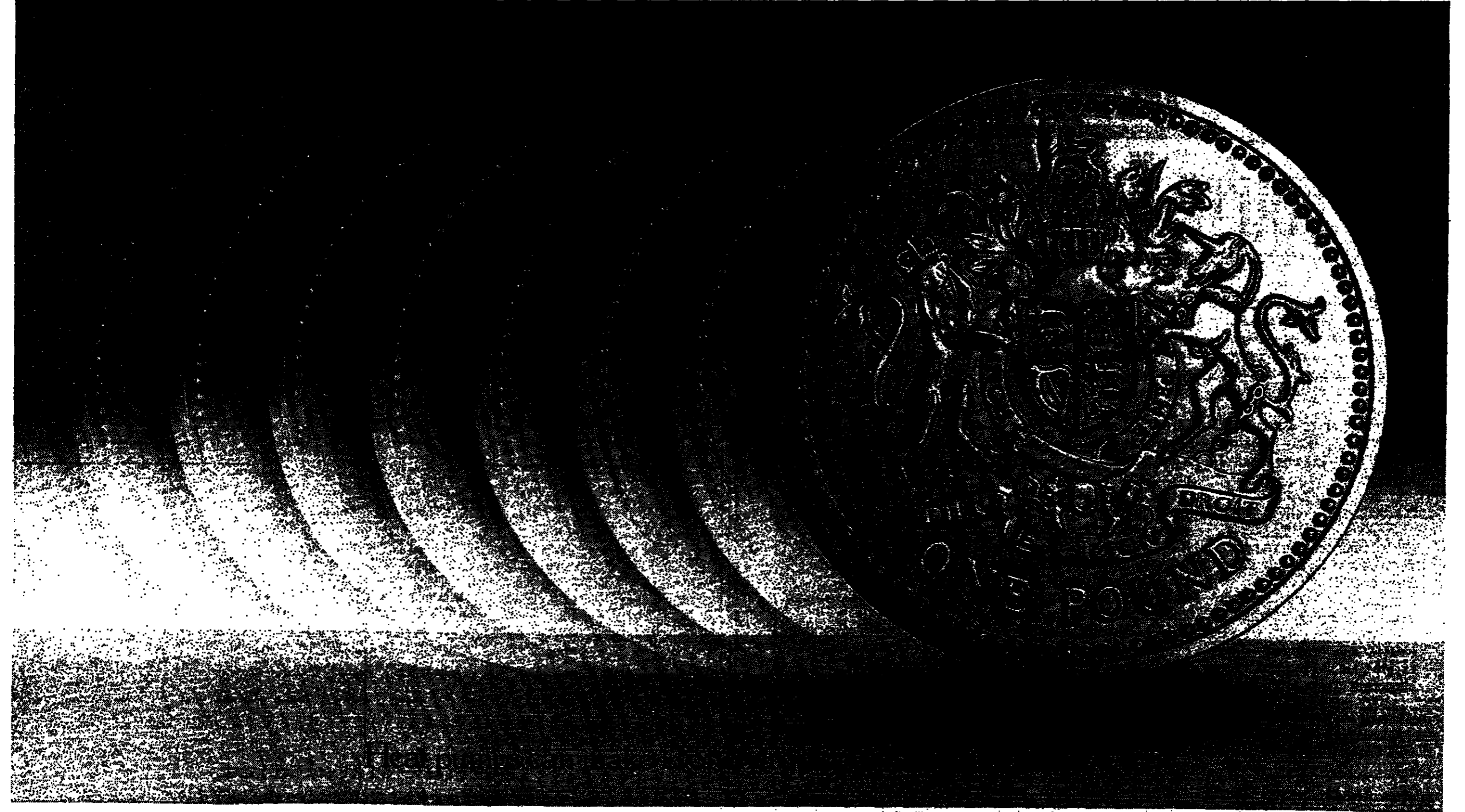
design and processing know-how. Here Karnsund is much more cautious.

Lightweight composite materials made from glass fibre, kevlar and especially carbon fibre are all used in Saab's aircraft; a quarter of the structure of its latest military aircraft, the "Griffin", is in carbon composites.

In cars, says Karnsund, "composites will come — perhaps." But he will not say when their cost is still too high. "By the year 2000 there will be a number of composite parts in chassis systems and axles," says Rolf Sandberg. "But there still won't be much." Hopes are higher for truck drive shafts and other Scania components.

But is it really necessary to have all this technology under one corporate roof? Karnsund's reply is double-edged. "Of course you can do it through collaboration," he says. "But a few moments later he adds: 'If you're an engineer working for another company, I'm afraid to tell you what I'm doing. It saves time and cost to have us under the same umbrella.'"

For Saab-Scania, perhaps. But beneath the umbrella of a newly-forged combine there may be decades of future discomfort and post-merger indigestion.



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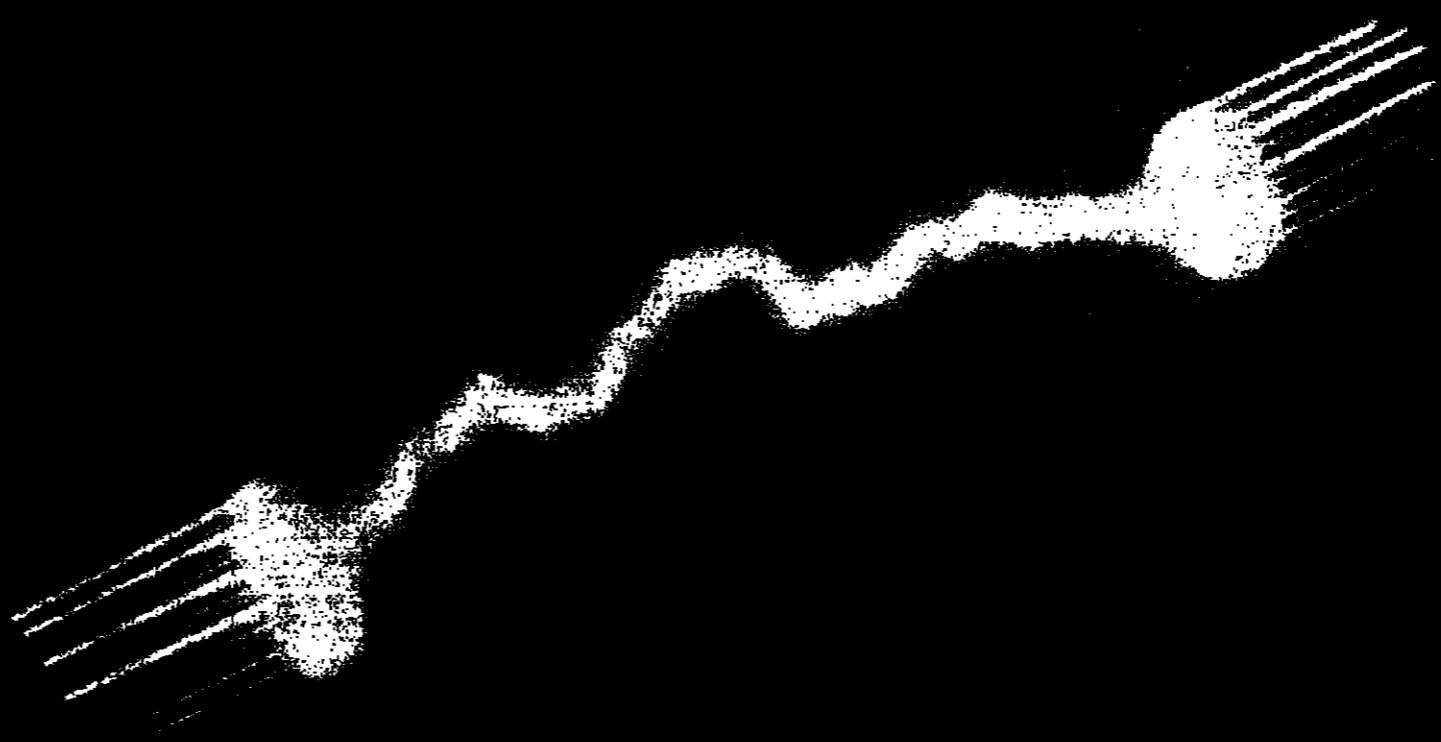
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PLAN

*When you've had a few and you're miles from home,
it's not your brain that does the thinking.*

These words were spoken by Robert. Four years ago he was diagnosed as HIV positive. (HIV is the virus which causes AIDS.)

He has never had a homosexual experience, nor has he ever injected drugs.

He is 42 years old, and until recently he was an executive with a large multinational company.

To protect him, his name and some of the details have been changed, but in all other respects the story is true.

"You could say I'm part of the generation that thinks it invented sex.

I'd always taken it for granted that easy sex was my birthright, and during 20 years of working life I had plenty of chances, because travel was a large part of my job, mainly in Europe.

I'm not saying that all businessmen when they travel behave like I used to.

But enough of them do, and enough of them are going to screw up their lives if they carry on.

TEMPTATIONS.

When you're on your own abroad and you've just finished a tough day, you feel you deserve something more exciting than bed with a good book.

Drinks, dinner and drinks might kill three hours, but by then it's still only 10 or 11 o'clock and a lonely bed beckons.

When I was in that situation, and loosened up by the booze I'd be looking for a girl to chat up.

But if that didn't work, I'd be quite happy to pay for it.

If I was with a crowd of colleagues, and the drink had done its work, we'd end up egging each other on.

Someone would say half-jokingly, 'Let's have a look at the red-light district,' so we'd all lurch off down there.

Many of the people I was with, of course, would never dream of behaving like that at home.

At other times I'd be visiting client companies and I'd go out in the evening with them and their wives.

Often, a companion would be provided for



me at dinner. Sometimes she'd be a secretary or P.A. with the firm, sometimes not.

Most of this, of course, was before the age of AIDS. I never wore a condom, because at that time people just didn't.

In any case, the biggest danger casual sex seemed to hold then was a dose of clap (which I never got).

If I could have that time of my life all over again, I'd think at least twice before having casual sex.

And if I ever did get tempted, I'd always use a condom.

If anyone thinks they'll find this difficult, they should keep reading.

CONSEQUENCES.

In 1980 I was very ill for six weeks.

After that, there was no more trouble until several years later.

I became ill again. I wasn't getting any better and nobody knew what was wrong.

I was living abroad at the time, and I went back to London for a blood test.

When they told me I was HIV positive, I went absolutely numb. I don't know how I got home. I wasn't really conscious.

It was like being told I was going to die, and that knowledge almost destroyed me completely.

I locked myself away.

I rejected other people, I could never have coped with them rejecting me, so I simply made their minds up for them.

I haven't told my parents because of the hurt that it will give them.

But from this time, there is one moment that haunts me above all others.

I was walking past a café one evening and at a table by a window I saw a boy and a girl of about 17 kissing and cuddling.

I burst into tears at the horror and misery of seeing what I felt I'd lost forever.

When it comes down to it, it isn't difficult to die.

What's difficult is living with a death sentence over you and knowing that you've lost so many things that make life worth living.

So, before you put yourself at risk of being infected, ask yourself one thing. Are you strong enough to cope with what I've been through?"

AVOIDING AIDS.

Eventually, with help, Robert learned to build a new life and start living again. He has not yet developed the full disease.

But since he became infected, the risk of AIDS has substantially increased, both in this country and abroad.

Unprotected sex with just one person with the virus can be enough to infect you, and you can't tell who has it by looking at them.

(Even if you ask them, they might not even know themselves.)

And the more partners you have, the more chance you'll come into contact with someone who has it.

If you have sex with a new partner, make sure it's your brain (and nothing else) that does the thinking.

Always use a condom.

Your life could depend on it.



AIDS. YOU KNOW THE RISKS. THE DECISION IS YOURS.

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Options to subscribe for ordinary shares in the Company - extension of the final option exercise date... UAL Merchant Bank Limited is authorised to announce that, as a consequence of the Company having changed its year-end from 31 December to 31 March, it is necessary to extend the final option exercise date.



NOTICE IS HEREBY GIVEN that the annual general meeting of the undermentioned companies will be held in the auditoriums, lower ground floor, The Cornar House, 65 Foe Street, Johannesburg on the dates and at the times shown:

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On February 26, 1988, Bonds for the amount of US\$ 4,000,000 have been drawn in the presence of a Notary Public for redemption on April 15, 1988. The following Bonds will be redeemable coupon due October 15, 1988 and following attached:

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BUSINESS LAW

In the second article of a series on the widening of access to legal assistance, John G. Fleming puts the case for introducing contingent fees in the UK

How enterprising lawyers could help the less well off

THE OPEN litigation has led to widespread calls in the UK - from the media, the bench and even in Parliament - for the introduction of the contingent fee as a solution to the evident inadequacy of Legal Aid in supporting meritorious claims by persons of modest means.

of the American rule to fee-shifting from winner to loser. Its variation consists only in the special arrangement between the plaintiff and his attorney. As it relieves the plaintiff from his attorney's fee if he loses, it shifts the risk of loss from him to the attorney. For this he has to pay a price, namely a premium on the fee charged to him if he is successful.

contingent fee is apt to create conflicts of interest for the attorney. Far from such fees acting as a spur to maximum effort, there is an inherent temptation to settle claims below value on a mass volume scale, in the belief that the cost of further litigation would be disproportionate to any profit the lawyer might derive from a larger jury award.

should also be adoption of the basic American rule that each litigant bears his own costs. In the mid-1970s, Justice, the UK group of reformist lawyers, proposed a modified form of contingent fees to the Royal Commission on Legal Services. It would have set up a Contingent Legal Aid Fund, interposed between lawyer and client and thus avoiding the undesirable features of the American system.

THE NEW LOOK MALAYSIA AIRLINES AND A RENEWED DEDICATION TO TRADITIONAL HOSPITALITY



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He's in his early 40's.

He needs to work and wants to work.

He has 20 years of valuable experience to offer employers.

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So why can't he even get near to an interview most of the time?

Especially now that there are more jobs around.

The trouble is that when someone like this applies for a job, the only experience anyone seems to take into account is his time on the dole.

This simply doesn't make sense.

Many employers throughout Britain are missing the opportunity to take on people who are keen, experienced and ambitious.

And who only need a chance to show what they can do.

So before you dismiss the unemployed as unemployable, think again.

And give your local Jobcentre a call.

We'll send you people who'll be more than keen to work.

And who you'll be keen to have working for you.

THE 
EMPLOYMENT
SERVICE.

There's a job to be done.

ARTS

Cinema/Nigel Andrews

Manhattan ablaze with visual excitement

Someone To Watch Over Me (15) directed by Ridley Scott. No End (15) directed by Krzysztof Kieslowski. Orphans (15) directed by Alan J Pakula. The Big Parade (15) directed by Chen Haige

There are two opposing attitudes to worldly wealth: the matter-of-fact and the mystical. Let me tell you about the very rich, wrote the mystically inclined P. Scott Fitzgerald - "they are different from you and me. To which they would be left most cold by their negligible plot, thin jokes and erratic mis-match of a score.

Scott, humbled with variable performances from Berenger and Bracco who have both hired their working-class accents from the Damon Runyon Dialect Factory, is least happy out in Queens. The film starts to fizz only when it moves uptown (perhaps with the subway) journeys, where the coiled and gleaming passenger-strap look like something out of Alien. And it moves into Expressionist overdrive in Miss Rogers's apartment.

Here we have a Daedalus maze of marble walls, priceless artwork and perspective-baffling mirrors which link a Surrealist plan delirium by Scott's glided, high-contrast lighting and sfumato smoke effects. (It was surely a director's in-joke to have the heroine's stereo croon, in one scene - "Smoke Gets in Your Eyes")



Mimi Rogers and Tom Berenger in "Someone to Watch Over Me"

the classic Berenger/Scott Syndrome: Absent lovers cause transports of absent-mindedness. The heroine No End is a young widow (Grazyna Szapolowska) whose dead lawyer husband keeps popping back, it seems, for unfinished business. He leaves signs and clues to help out his latest client, an arrested dissident. And he sits in loving vigil - or seems to - by his wife's bedside.

production) and his misdirected talent at work in it. Even so, our Albert is a British thespian worth watching. His face resembles a overripe potato with a pursed red rash for lips. His voice, by turns shrilled, sing-song and stentorian, is like a male-voice choir conducted by an inventive drunkard.

Quiet and contemplative are the last words to describe Orphans. I never saw Lyle Kessler's original stage play, but if the film is anything to go by I give thanks for small mercies. Albert Finney, Matthew Modine and Kevin Anderson wrap their combined talent around the largest piece of sentimental tush I have seen in recent memory.

"Still Life" at the Penguin Café/Covent Garden

Clement Crisp

The new programme at the Royal Opera House on Wednesday brought the premiere of David Bintley's "Still Life" at the Penguin Café, the Royal Ballet's first performance of Balanchine's Bagdad and a revival of the same choreographer's Serenade.

I report, with some concern, that quite the best thing in the evening was this last piece, danced with a welcome unit of style and a fullness of dynamics that did honour to one of the seminal works of Balanchine's repertory. It is a ballet very frank in its demands upon its cast: there is no place to hide in it, no chance to fudge its effects. It must be danced with the sort of physical integrity which is not always seen at Covent Garden.

might be seen in a Japanese erotic print. Their dancing is decent, decorative, and meaningless. The rest of the choreographic action is no more than dainty trappings and stage orientalism which fill out David Hays' handsome set.

The decision to acquire Bagdad as a new piece is curious, it is not by any means one of his masterworks. It was staged in 1963 as a result of a visit to New York by the Gagaku troupe of the Japanese Imperial Household, and is in essence little more than a piece of Japonisme conceived at a time when our view of things Japanese was rather more simplistic than it is today.

I thought the whole affair extinguishingly tiresome, not just because of the platitudinous nature of the emotions displayed, but also because of the prodigious waste of abilities in seeking to turn a World Wildlife appeal into a ballet.

The performers were largely invisible as artists. The final intellectual and theatrical trick finds the cast scampering through a rain-storm. How difficult it would be to guess that curtain-fall would see them all neatly ensconced in a Noah's ark.



Cynthia Harvey, Jonathan Cope and Sonia Noy in "Still Life at the Penguin Café"

Nite Club Confidential/Playhouse

Martin Hoyle

The charming Playhouse near the Embankment at Charing Cross has struck a desultory blow for the Fifties - the decade, that is, rather than the age-group. Paradoxically, those who might regard the Eisenhower era with nostalgia, and at whom this new musical is aimed, are those who would be left most cold by its negligible plot, thin jokes and erratic mis-match of a score.

with young singer Dorothy, and so on. The trouble is that the whole show is couched in such terms of send-up and half-mocking pastiche that we never know what, if anything, is to be taken seriously.

As will be gathered, the musical side is excellently prepared. As the group that dissolves and reforms according to the exigencies of the plot, Peter Bishop (the eventual rock star), Phillip Gould (the cool tongue-twister) and Kathryn Evans, a former Evita, are superbly drilled both vocally and choreographically (Mr. Deal directs both directly and choreographically). The problem lies in the casual, tongue-in-cheek treatment of the hard-boiled climber - who should be a cross between William Holden in Sunset Boulevard and Jay Jay - and the star on the side (a Garland figure?) whose shock recourse to violence provides an unconvincing downbeat ending.



Ruth Madoc

Towards the end she even bears a faint resemblance to Ethel Merrett, but like the show itself, she is ingeniously lit (Mark Henderson), seems to have no sense of direction and veers between the sent-up clichés of melodrama, nostalgic parody and sitcom cheeriness.

Arvo Pärt/Brompton Oratory

Richard Fairman

It must have taken an inspired leap of the imagination to come up with Brompton Oratory as the venue for this performance of the St John Passion by Arvo Pärt: the visual extravagance of the place, with its resplendent sculptures and elaborately painted ceiling, are at the opposite pole from the music, where the style is pared to the bone. Such are the different ways of expressing a Christian belief.

unambitious ideas; and for long stretches the music, in true minimalist fashion, makes no attempt to progress from one key (A minor). What gives the style its emotional content is the shaping of the vocal phrases, and in particular the similarity to Gregorian chant (itself most basic kind of expression) which Pärt discovered in the early 1970s.

conclusion, Pärt allows a greater degree of dissonance to brighten the expression and there is a cumulative sense of awe, beautifully realised by the Hilliard Ensemble under Paul Hillier. Michael George was the grave, eloquent Christ; David James an impressive leader of the Evangelist Quartet. There is an instrumental quartet as well, but most of the accompaniment falls to the organist (Christopher Bowers-Broadbent). After 70 minutes the music unexpectedly turns to a glorious final D major, which rings out splendidly in the Oratory's acoustics: what a marvellous setting it was, after all.

"The Fatal Shore" wins W.H. Smith award

The £10,000 W.H. Smith Literary Award went yesterday to Australian writer Robert Hughes for The Fatal Shore, his widely acclaimed history of Australia's first convict settlers. It was all-Australia-day at London's Festival Hall complex where the award was announced. High Commissioner Douglas McLelland was there, the event linked with the bicentennial of Australia and the 30th anniversary of the first Smith award to novelist Patrick White, an Australian, for Voss.

Arts guide

Continued from Page 16

chenko in 1898 is said to be undergoing something of an artistic renaissance under glass. (ends March 20)

Exhibitions

PARIS Grand Palais. Zurbaran. From New York, an exhibition of 72 paintings retraces the artistic development of the great masters of the Spanish Golden Age. (42560242). Ends April 11.

York, an exhibition of 72 paintings retraces the artistic development of the great masters of the Spanish Golden Age. (42560242). Ends April 11.

Musee d'Orsay. Van Gogh in Paris. To mark the centenary of Van Gogh's two-year stay in Paris, a period which proved a turning point in his artistic development, the Musée d'Orsay has assembled more than 50 of his paintings and a dozen of his drawings from national and private collections. (42 56 09 30). Closed Mon. Ends May 15.

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Central Georges Pompidou, Le Dancier Picasso 1858-1876. By placing the 20th century in the context of contemporary art, the 86 paintings, 34 drawings and 70

engravings exhibited permit a fresh approach to the controversy caused by contradictory judgements on the artist's work. (42 56 09 30). Closed Tue. Ends May 15.

LONDON

Tate Gallery. Douglas Cooper - The Masters of Cubism. A small but choice selection of 81 works on paper from Cooper's collection of cubist art of all kinds but primarily of the work of the great quartet of Picasso, Braque, Gris and Léger. Ends April 4.

Tate Gallery. Young Turner: Early Work 1810-1820. The latest in the continuing series of small temporary exhibitions in the Clore Gallery devoted to the many aspects of the vast number of watercolours and drawings in the Turner bequest. This display covers the crucial 12 years or so from the mid-1780s which saw Turner mature with astonishing rapidity from competent conventional topographer to a virtuoso of the medium of water colour of astonishing breadth, freedom and originality. Ends March 20.

Tate Gallery. David Bomberg - A full retrospective of one of the most distinguished British painters of the century, yet one whose secure critical success came only after his death in 1957, at the age of 68. As a young man in London, Bomberg was associated with the Vorticism movement, the first importance and originality.

Genoa. Alberto Giacometti drawings and rare prints. Galerie Jacques Baudouin. Rue de l'Hôtel-de-Ville. (21 61 36). Ends March 26.

NEW YORK

Metropolitan Museum of Art. Every phase of Fragment's art is included in this, the first comprehensive exhibition of his works that capture France in the last decades of the ancien régime. Ends May 8.

WASHINGTON

National Gallery. The human figure in early Greek art is the subject of 67 sculptures and painted pottery starting in the 8th and 6th centuries BC with stoneware and red-figure vase painting and the naturalism perfected in the 5th century BC. Ends June 12.

CHICAGO

Art Institute. A centenary retrospective of the work of Georgia O'Keeffe evokes the world of flowers and skulls in the luminous light of New Mexico. Ends June 28.

TOKYO

National Museum, Ueno. Preliminary Paintings for Edo Castle. Recently discovered watercolours and working drawings by artists of the Kano School for a remodeling in the 1530s or 1640s of the shogun's castle, where beautiful paintings decorated the sliding paper doors and ceilings. Ends March 21.

SPAIN

Madrid. Christo de Bellas Artes. The Romantic Tradition in Contemporary British Painting proposes that a parallel development to Modernism has embraced most major British artists since William Blake, and that it is as alive today as 150 years ago. This is the first exhibition to undertake such a re-examination and the first group exhibition of

Extel's Weekly Financial News Summary gives us the week's UK corporate events at a glance. JOHN BRUNWELL PRUDENTIAL PORTFOLIO MANAGERS. EXTEL financial. All you ever need to know. London: 01-251 3333 Brussels: 01-219 1607 New York: 212-513 1570

MARUBEN CORPORATION THE BANK OF TOKYO TRUST COMPANY. Detail: March 11, 1988

OR IRIN relief KE IDIN

VILLE

18 FINANCIAL TIMES BRACKEN HOUSE, CANNON STREET, LONDON EC4 4BY

Austria's new challenge

FIFTY YEARS ago Hitler swallowed Austria. On March 11 he browbeat the Austrian Chancellor, Kurt Schuschnigg, into resigning...

Increased tensions The Waldheim affair has unnecessarily increased tensions within a Government struggling to master the future...

Rash of scandals At the 50th anniversary of Hitler's invasion - always provided that the political leadership and responsible opinion in Vienna place the pre-war...

The EC's role in merger control

THE EUROPEAN Commission has struck a laudable blow for free competition in air transport by forcing British Airways to make concessions on its merger with British Caledonian...

The episode underscores the inadequacies of national competition authorities when confronted with cases which have important economic implications...

Overriding priority Still less should the aim be to decide which acquisitions and mergers will create more inter-nationally competitive supplies...

Nationalist obstruction At present, the commission has the right to intervene in mergers only after they have happened...

Simply to impose a flawed EC merger policy on a hotch-pot of differing national systems would be the worst of all worlds...

Archie Brown examines Mikhail Gorbachev's record and prospects after three years in power

WHEN Mikhail Gorbachev became General Secretary of the Soviet Communist Party three years ago today, many Soviet citizens breathed a sigh of relief...

But there was a lot more to it than that. After the political, economic and cultural stagnation of the 1970s - and the cynicism and corruption characteristic of the Brezhnev years - hopes of better alternatives had been briefly aroused by Andropov...

Amongst the leadership, however, there was apprehension as well as hope - indicated by the choice of the physically feeble and politically far-from-inspiring Chernenko...

The extent of the personnel change in the party leadership under Gorbachev has been dramatic. Of the 13 voting members of the Politburo at the present time, only five were already there under Chernenko...

Changing the membership of the Politburo and the Secretariat has been made easier by the fact that Brezhnev had allowed them to attain a record high average age...

The bargaining process means that not all the new people (especially in the Politburo) should be regarded as Gorbachev's men. But in the Secretariat, in particular, he does appear already to have a majority of people committed to him...

Devising new policy is one thing; implementing it is another. Gorbachev has found implementing new policies much easier in some areas than others...

There are, of course, many continuities in foreign policy. But amongst Gorbachev's many changes, some are quite remarkable. They include the admission that the Soviet Union has a lot to learn from other Communist countries...

The benefits which have accrued to the Soviet Union in this area are, it might be argued, more intangible than concrete...

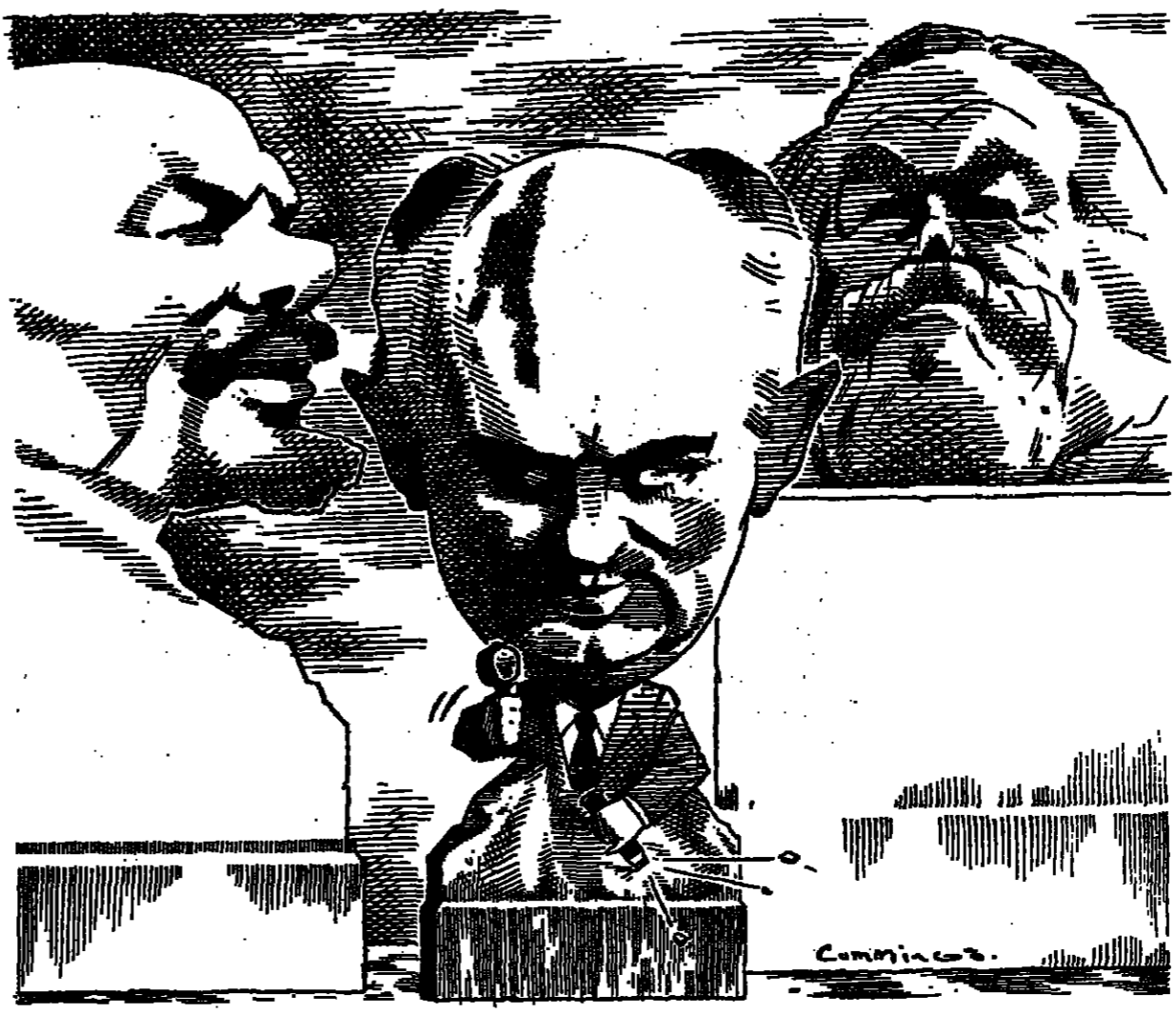
So the Chancellor may be feeling a bit lonely and the Prime Minister ought to take note. It is not as if he has nowhere else to go...

Armies in drag The story in Tuesday's Observer about Swedish army recruits carrying lipstick in their cartridge belts has an ancestry...

Frog March Bill Foggett, the 75-year-old weather sage from Thrus, North Yorkshire, is waiting patiently for nature's signposts to confirm his belief that we are in for a long hot summer...

Too many Bakers The main story in a British newspaper yesterday was headed: Thatcher and Baker clash on school testing. The main story in its business section was: Sterling hits two-year high: Comments by Baker fuel the pound's rise...

Wallenberg encore Peter Wallenberg faced an unenviable, many argued an impossible, task in filling the vac-



Seeking to shape a new Soviet era

partially implemented. Economic reform cannot produce significant improvements in the standard of living of Soviet citizens in the short run...

Economic reform cannot produce significant improvements in the standard of living of Soviet citizens in the short run (A possible exception is agricultural reform, where some progress has already been made...

What happens then depends on the outcome of the political struggle going on in the meantime between the reformist and conservative forces within the party and society...

Some of them believe that it is their last, as well as best opportunity, to do something worthwhile - and to justify and atone for the shabby compromises which kept them within hailing distance of the corridors of power...

Recent events in the Caucasus provide ample confirmation of De Tocqueville's dictum that the most dangerous time for an authoritarian regime is when it begins to reform itself...

Nationalist unrest is undoubtedly a setback for Gorbachev, though a predictable one. It will certainly not be the last unintended consequence of his reforms...

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What happens then depends on the outcome of the political struggle going on in the meantime between the reformist and conservative forces within the party and society. One Soviet writer has gone so far as to describe (in print, what is more, in the journal Novy Mir) the present time as one of 'dual power' in which there is a stalemate between reformers and their opponents...

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The Roman Chancellor

It has taken the British media a long time to catch up with the fact that Chancellor Nigel Lawson is a pretty engaging fellow who may even be the next Prime Minister...

No doubt Lawson will get out of it what he delivers his budget next Tuesday. No one has ever accused him of lacking intelligence or ingenuity...

There are perhaps two keys to his personality. One is that his favourite play - is Coriolanus. It is about a brilliant man who refuses to woe the crowd to curry support...

The other is that Lawson realises that Coriolanus was wrong. In politics you need at least one major ally in order to survive. That is how Lawson has worked as a Cabinet Minister...

Lawson then struck up an effective alliance with Norman Tebbit. Both Whiteley and Tebbit are now out of the main stream and perhaps his closest ally outside the Treasury today is Cecil Parkinson...

Simply to impose a flawed EC merger policy on a hotch-pot of differing national systems would be the worst of all worlds. Any new powers for the commission need to be tightly drawn and clearly aimed at those threats to competition within the Community which national authorities are unable or unwilling to tackle...

OBSERVER

He appeared ill-equipped for the job, and did not even enjoy the confidence of his father, who in the final months before his death buried the hatchet with the rival Volvo camp...

Wallenberg senior had ruled chiefly through the sheer weight of his personality, and the so-called Wallenberg sphere was held together with often only small minority shareholdings...

In his most daring move to date Peter backed the merger last year of Asea's electrical engineering assets with Switzerland's Brown-Boveri...

Thus the son is outdoing the father by rationalising the empire's diverse holdings in Swedish forest products...

MOA a notice board at the Cranfield Institute of Science and Technology is an advertisement for illustrated talks on astrology across which has been written 'Cancelled due to unforeseen circumstances'...

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FLY TO LONDON'S FINANCIAL HEART. Why fly to Heathrow when your meeting is in London? The financial centre of London is just a short taxi ride from London City Airport. With a minimum of fuss and no crowds - 10 minutes from aircraft to taxi - a trouble free trip to London.

SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Friday March 11 1988

Hunting Gate 4444 DEVELOPMENTS

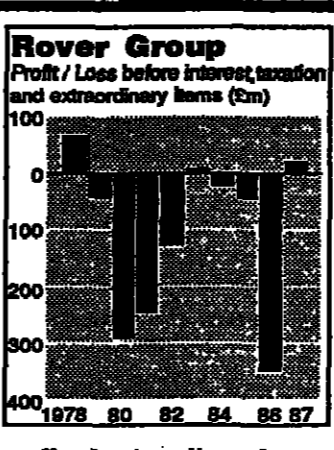
RTS INTERNATIONAL TRACTOR-TRAILER SYSTEMS RO-RO FLATS CONTAINERS

Davis makes \$780m offer for Lorimar-Telepictures

MR MARVIN DAVIS, the sometime Denver oilman and former owner of Twentieth Century-Fox, made a bid to get back into the film business yesterday with an offer of \$780m for Lorimar-Telepictures...

Rover makes U-turn with profits of £27.9m

ROVER Group, the state-owned UK vehicle maker facing a possible takeover bid by British Aerospace, achieved a small operating profit last year for only the second time in the last decade...



Colt Industries announces surprise leveraged buyout

COLT INDUSTRIES, the highly leveraged industrial conglomerate which amazed Wall Street in 1986 by paying its stockholders a cash dividend of \$5 on shares...

US retailers stage strong rise

TWO LEADING US retailing groups, K mart and Dayton Hudson, yesterday reported higher fourth-quarter earnings despite signs of a slowing economy...

De Benedetti challenges rivals to April showdown

MR CARLO De Benedetti, the Italian industrialist, last night effectively challenged the rival Franco-Belgian shareholder camp in Société Générale de Belgique to an April showdown...

First Pacific Holdings up 33%

FIRST PACIFIC Holdings (FPH), the Hong Kong-listed financial services group, boosted net profits by almost a third last year to US\$16.5m compared with \$12.6m last time...

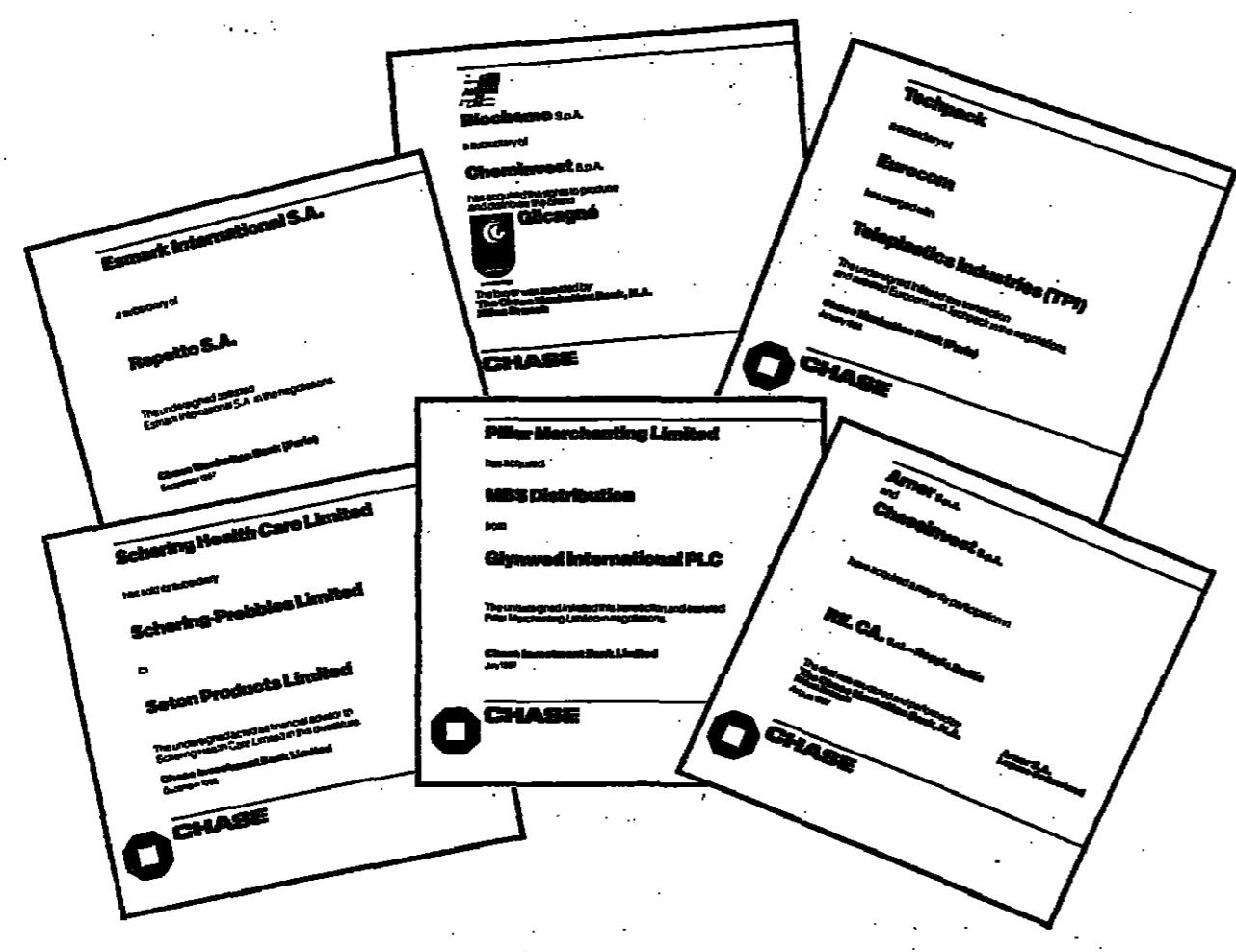
Manny Hanny sees \$230m special gain

MANUFACTURERS Hanover, the US bank holding company, expects an after-tax extraordinary gain of \$230m by the end of 1988 through the sale of a portion of its undervalued assets...

Texaco nears \$3bn finance deal

TEXACO, the large US oil company which is planning to emerge within the next few months from Chapter 11 bankruptcy, said it was close to arranging a \$3bn bank credit to help finance its reorganisation...

The accent is definitely local. But the M & A expertise is always world class.



Our depth of knowledge about European domestic markets combined with a breadth of investment banking expertise brought these companies to Chase. Whether in cross-border or domestic Mergers and Acquisitions, Chase, with its commercial banking network, has the dedicated and experienced professionals to meet the complex, specialised needs of your company.



NOCO

Norwegian Oil Consortium A/S & Co.

U.S. \$130,000,000

Limited Recourse Financing

Managed by CHRISTIANIA BANK OG KREDITKASSE MORGAN GUARANTY TRUST COMPANY OF NEW YORK

Funds provided by CHRISTIANIA BANK OG KREDITKASSE MORGAN GUARANTY TRUST COMPANY OF NEW YORK BANK OF AMERICA NT & SA THE BANK OF NOVA SCOTIA GROUP DEUTSCHE BANK AKTIENGESELLSCHAFT FIRST REPUBLIC BANK DALLAS, N.A. THE INDUSTRIAL BANK OF JAPAN, LIMITED SOCIETE GENERALE THE ROYAL BANK OF CANADA UNION BANK OF NORWAY

Agent CHRISTIANIA BANK OG KREDITKASSE

28 January, 1988

This announcement appears as a matter of record only.

Company Notices

ARROW CAPITAL N.V. NOTICE OF REPURCHASE OF SHARES

NOTICE IS HEREBY GIVEN of an offer by the Company for the repurchase of outstanding shares at a price equal to the unadjusted net asset value per share as at...

NOTICE TO THE HOLDERS OF TOYO SASH CO. LTD.

Warrants to subscribe for shares of Common Stock of Toyo Sash Co., Ltd. issued in conjunction with an issue of US\$100,000,000 1 1/2% Bonds due 1992.

PRICE WATERHOUSE and the FINANCIAL TIMES CONFERENCE ORGANISATION present CAPITAL MARKETS WORKSHOP

12-15 APRIL 16-19 MAY, 1-3 JUNE & 11-13 JULY 1988 This important 3-day workshop will benefit all those responsible for managing capital market activities...

CLASSIFIED ADVERTISEMENT RATES

Table with columns: Appointment, Commercial and Industrial, Residential Property, Business Opportunities, etc. and rows: Per line col cm, £, \$.

INTERNATIONAL COMPANIES AND FINANCE

Write-offs push Statoil into the red

STATOIL, Norway's troubled state oil company, has plunged heavily into loss for 1987 as a result of write-offs relating to its Mongstad refinery project.



Harald Norvik forecasts a 'considerable' reduction in 1988 earnings

ly-integrated company. Statoil said that it expects to announce appointments to the new divisions within the next few weeks. The Mongstad affair forced the resignation of Statoil's board.

Revenue from refining and marketing activities rose to Nkr49bn from Nkr39,75bn. Crude oil supplies rose 18 per cent to 27m cu m...

GB-Inno builds takeover defence

By Tim Dickson in Brussels GB-INNO-BM, the Belgian supermarket group whose share price has gyrated wildly in the last few days on rumours of a hostile bid, appears to be shoring up its defences in the event of a takeover battle.

Sharp rise in Gevaert earnings

By Our Brussels Staff GEVAERT, THE Belgian holding company whose chairman, Mr André Leyson, has played a prominent role in the battle for Société Générale de Belgique, yesterday announced net profits for 1987 of Bfr1.6bn (\$45.9m) against Bfr1.15bn in the previous 12-month period.

Shipbuilding loss hits Wartsila

By Olli Virtanen in Helsinki WARTSILA, THE Finnish shipbuilding group, reports a sharp decline in profit and turnover for 1987 but plans to maintain its dividend.

Wartsila said the dramatic deterioration in profitability was almost entirely due to the shipbuilding division which ran up a Fm290m loss. Net shipbuilding turnover declined by Fm58m to Fm29m.

controls the two companies' shipbuilding operations. The combined sales of Wartsila's other business sectors - including diesel engines, with net sales of Fm1.23bn in 1987; sanitary porcelain, netting Fm712m; security systems, with sales of Fm423m; tableware, with a turnover of Fm299m; and factory automation - grew by 16 per cent.

Sandvik to increase its dividend

BY SARA WEBB IN STOCKHOLM SANDVIK, THE Swedish cemented carbide and special steels group, is to increase its dividend following a 10 per cent increase in profits (after financial items) to SKr1.89bn (\$320.4m) for 1987, helped by stronger demand for its products in the second half of the year.

Sandvik's cemented carbide operations showed a 6 per cent increase in sales to SKr7.11bn, and an 8 per cent rise in profits (after financial items) to SKr1.32bn.

Several international names - notably McDonald's of the US, Argyl of the UK and Carrefour of France - have been mentioned as possible bidders but observers say demand for GB-Inno shares could simply have been fuelled by speculators who have made profits on La Générale shares.

CCF boosts profits 23%

By George Graham in Paris CREDIT COMMERCIAL de France raised profits to FF7,452.8m (\$1,816m) in its first year back in the private sector - a gain of 23 per cent from the previous year.

Sterling Airways sold to investors for DKr754m

BY HILARY BARNES IN COPENHAGEN STERLING AIRWAYS, THE Danish independent airline which is the fourth largest in Europe, has been sold for DKr754m (\$112.8m) to a group of Swedish and Danish interests.

was given to Sterling's managing director, Mr Einar Lundt, last year. He has now succeeded in selling the shares to a wide range of Danish institutional and private investors.

East Asiatic registers steady growth

By Our Copenhagen Correspondent EAST ASIATIC, THE Danish trading company with subsidiaries listed in Hong Kong, Thailand and Malaysia, lifted group net profits from DKr316m to DKr338m.

The group used to be one of the least-well provided of major French banks, as the need to write off client risks had reduced the level of provisions it was able to make for country risks.

Eisai Co., Ltd. U.S.\$100,000,000 3 1/8 per cent Guaranteed Bonds due 1992 with Warrants to subscribe for shares of common stock of Eisai Co., Ltd.

Gencor General Mining Union Corporation Limited (Incorporated in the Republic of South Africa) Registration number 01/01225/06

1987 Highlights Further increase in earnings Dividend increased to 250 cents per ordinary share Contributions by Malbak, Sappi and Genbel up again New mining projects underway

Audited results table with columns: Earnings, Investment income, Mining total, Total income, etc. and rows: 1987, 1986 Rands million.

Dividends and interest table with columns: Dividends, Ordinary shares, 8.5% variable convertible preference shares, etc. and rows: 1987, 1986 Rands million.

NOTICE THE SUMITOMO BANK, LIMITED U.S. \$120,000,000 2 1/4 per cent. Convertible Bonds 2000

GENOSSENSCHAFTLICHE ZENTRALBANK AKTIENGESELLSCHAFT U.S. \$50,000,000 Floating Rate Subordinated Notes Due 1992

U.S. \$250,000,000 CARTERET SAVINGS BANK Collateralized Floating Rate Notes Due 1996

Notice of Redemption European Economic Community US\$55,750,000 7.58 per cent. Notes due 1988-1993

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling loses momentum

STERLING'S RECENT charge ran out of steam yesterday, following comments by Mr Nigel Lawson, Chancellor of the Exchequer. Speaking in the House of Commons, he stressed that any further rise in the exchange rate, certainly against the D-Mark, was unlikely to be sustainable. The pound's exchange rate index slipped to 77.1 at the close, down from 77.2 at the opening and on Wednesday night. With only two full trading days left before the UK Budget, trading volume is likely to be become a lot thinner and nervous. Short term investors are more likely to square positions and remain on the sidelines, until details of the Budget are known.

However, some traders with leading UK banks suggested that yesterday's reversal was just a pause for breath. A shake out in cross currency positions and Thursday's reputation of being profit-taking day, were not sufficient reason to herald a basic change in sentiment, they added. Speaking after Mr Lawson, Mrs Margaret Thatcher, the Prime Minister, stressed that the primary objective was to keep inflation down. Against this background, sterling's bullish undertone appeared to be largely intact, given this strong commitment by the Government to try and contain inflation.

The pound closed at \$1.8425 down from \$1.8475 on DM2.0678 compared with DM2.0625. It was also lower against the yen at Y236.0 down from Y236.50. Elsewhere it slipped to Sfr2.5400 from

Table with columns for currency, rate, and change. Includes Sterling, Euro, Yen, etc.

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FINANCIAL FUTURES

Gilts suffer profit taking

LONG TERM gilt futures traded in a narrow range on Liffe yesterday, but finished towards the day's low on profit taking. Trading was uneventful, and is unlikely to find any fresh impetus ahead of next week's Budget.

Comments by the Prime Minister and Chancellor in Parliament stressed the Government's anti-inflation policy, and were regarded as good for gilts, but dealers also mentioned that the views of Mrs Thatcher and Mr Lawson on the immediate future of sterling appear to be contradictory.

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Are You On The Right Wavelength? WAVE ANALYSIS

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THE NEWSPAPER INDUSTRY

-A PERSPECTIVE OF THE NEXT 5 YEARS 12 & 13 April, 1988 Hotel Inter-Continental, London

Financial Times Conference Organisation 2nd Floor, 126 Jermyn Street, London SW1Y 4UJ. Telephone: 01-925 2323 telex 27347 FT CONF G Fax: 01-925 2125

THE NEWSPAPER INDUSTRY -A PERSPECTIVE OF THE NEXT 5 YEARS 12 & 13 April, 1988 Hotel Inter-Continental, London

I.G. INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SW1W 0BD Tel: 01-282 7233/5699 Reuters Code: IGIN, IGID

FT 30 FTSE 100 WALL STREET Mar. 1467/1479 +5 Mar. 1831/1843 +11 Mar. 2062/2076 -5 Jun. 1483/1495 +4 Jun. 1851/1863 +9 Jun. 2074/2088 -5

Prices taken at 5pm and change is from previous close at 9pm

\$ WORLD VALUE OF THE DOLLAR BANK OF AMERICA GLOBAL TRADING ECONOMICS DEPT., LONDON

The table below gives the latest available rates of exchange for the U.S. dollar against various currencies as of Wednesday, March 9, 1988. The exchange rates listed are mid-rate between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain cases where indicated. They are not necessarily the best rates available. Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America Global Trading, London, New York, Tokyo, San Francisco, Los Angeles, Toronto. 24-hours a day trading capability. Enquiries: 01-634 4360/5. Dealing: 01-236 9861.

Large table with columns for Country, Currency, Value of Dollar, and Country, Currency, Value of Dollar. Lists various global currencies and their exchange rates.

As a Not available, (M) Market rate, (US) Dollars per National Currency unit, (P) Par value, (D) Official rate, (F) Floating rate, (C) Commercial rate, (G) Government rate, (I) Institutional rate, (R) Retail rate, (S) Special rate, (T) Treasury rate, (U) Unofficial rate, (V) Variable rate, (W) Wholesale rate, (X) Other rate. For further information please contact your local branch of Bank of America

MONEY MARKETS

A firmer tone

THERE WAS a slightly firmer tone to interest rates on the London money market yesterday, as dealers took a defensive view, ahead of next week's Budget. Three-month interbank rose to 9.4% p.c. from 8 1/2-9 1/2 p.c.

The market was generally confused about the attitude of the authorities to sterling, after the recent comments by the Prime Minister and yesterday's remarks by Mr Nigel Lawson, the Chancellor.

Overnight interbank traded around 8 1/2 p.c. in the morning, but fell to 8 p.c. as money became freely available, before closing at 6 p.c.

FT LONDON INTERBANK FIXING

Table with columns for currency, rate, and change. Includes 3 months US Dollars, 6 months US Dollars, etc.

MONEY RATES

Table with columns for currency, rate, and change. Includes Treasury Bills and Bonds, etc.

LONDON MONEY RATES

Table with columns for currency, rate, and change. Includes Overnight, 7 days, 1 month, etc.

EUROPEAN OPTIONS EXCHANGE

Table with columns for Series, Vol, Last, Bid, Ask, and other market data for various European options.

BASE LENDING RATES

Table listing base lending rates for various banks and currencies, including ARB Bank, Citibank NA, and others.

Advertisement for Finstat, featuring the text 'When prices matter - Finstat delivers the FT prices online. Unit Trusts, Equities, Gilts, Indices. Daily to your desktop computer.' and the Finstat logo.

FT CROSSWORD No.6578 SET BY GRIFFIN

A crossword puzzle grid with numbers 1 through 26 indicating the starting positions for the clues.

- List of crossword clues: 1 Reach time of departure having had no food? (6), 2 Losses concentration and stone embracing redness (6), etc.

Solution to Puzzle No.6577: RETIRING STAIRS, STORMONT BRUNEL, G T A N I N E P, LASHEN EASTWERS, I, MENTRY EMBARGO, S K A L E G, TAKINGS TRENDY, R N I I B A, UNRIDLED SIREN, G R S T I E N, GREENS SERENATA, L S E S E L, ESTATE ITERATES

AUTHORISED UNIT TRUSTS

Large table listing various authorized unit trusts, including Abbey Unit Tr. Mgrs., AEGON, and others, with columns for name, manager, and other details.

FT UNIT TRUST INFORMATION SERVICE

Table listing unit trust information, including names like Abbey Unit Tr. Mgrs., AEGON, and others, with columns for name, manager, and other details.

Handwritten signature or mark at the bottom of the page.

FT UNIT TRUST INFORMATION SERVICE

Table with columns for company name, address, phone, and unit prices for various unit trusts including Sun Alliance, Sun Life, and Target Trust Managers Ltd.

Table with columns for company name, address, phone, and unit prices for various unit trusts including Aberdeen Life, Anglo-Bank, and Anglo-Spanish.

Table with columns for company name, address, phone, and unit prices for various unit trusts including Anglo-Bank, Anglo-Spanish, and Anglo-Swiss.

Table with columns for company name, address, phone, and unit prices for various unit trusts including Anglo-Swiss, Anglo-Thai, and Anglo-Trust.

Table with columns for company name, address, phone, and unit prices for various unit trusts including Anglo-Trust, Anglo-Union, and Anglo-World.

Table with columns for company name, address, phone, and unit prices for various unit trusts including Anglo-World, Anglo-Zenith, and Anglo-Zenith 2.

Table with columns for company name, address, phone, and unit prices for various unit trusts including Anglo-Zenith 2, Anglo-Zenith 3, and Anglo-Zenith 4.

Table with columns for company name, address, phone, and unit prices for various unit trusts including Anglo-Zenith 4, Anglo-Zenith 5, and Anglo-Zenith 6.

INSURANCES

Table listing insurance companies and their details.

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Table listing insurance companies and their details.

Table listing insurance companies and their details.

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

Table of FT Unit Trust Information Service, listing various unit trusts with columns for Name, Manager, and other details.

Table of London Share Service, listing various share prices and financial data, including sections for British Funds, Foreign Bonds & Rails, and Money Market Trust Funds.

LONDON SHARE SERVICE

AMERICANS - Contd. Table with columns for stock names, prices, and changes.

CANADIANS Table with columns for stock names, prices, and changes.

BANKS, HP & LEASING Table with columns for stock names, prices, and changes.

BEERS, WINES & SPIRITS Table with columns for stock names, prices, and changes.

BUILDING, TIMBER, ROADS Table with columns for stock names, prices, and changes.

BUILDING, TIMBER, ROADS Contd. Table with columns for stock names, prices, and changes.

CHEMICALS, PLASTICS Table with columns for stock names, prices, and changes.

DRAPERY AND STORES Table with columns for stock names, prices, and changes.

BUILDING, TIMBER, ROADS Table with columns for stock names, prices, and changes.

BUILDING, TIMBER, ROADS Table with columns for stock names, prices, and changes.

DRAPERY AND STORES - Contd. Table with columns for stock names, prices, and changes.

ELECTRICALS Table with columns for stock names, prices, and changes.

DRAPERY AND STORES Table with columns for stock names, prices, and changes.

DRAPERY AND STORES Table with columns for stock names, prices, and changes.

ENGINEERING Table with columns for stock names, prices, and changes.

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LONDON SHARE SERVICE

INSURANCES - Contd

Table listing insurance companies and their share prices, including Aviva, AXA, and others.

PAPER, PRINTING, ADVERTISING - Contd

Table listing companies in the paper, printing, and advertising sectors, such as News International and Reed.

TEXTILES - Contd

Table listing textile companies and their share prices, including British Textiles and others.

TRUSTS, FINANCE, LAND - Contd

Table listing trusts, finance, and land-related companies, such as British Land and others.

OIL AND GAS - Contd

Table listing oil and gas companies, including BP, Shell, and others.

MINES - Contd

Table listing mining companies and their share prices, such as Anglo American and others.

LEISURE

Table listing leisure companies, including British Skyways and others.

PROPERTY

Table listing property-related companies, such as British Land and others.

TOBACCO

Table listing tobacco companies, including British American Tobacco.

TRUSTS, FINANCE, LAND

Table listing trusts, finance, and land-related companies.

OVERSEAS TRADERS

Table listing overseas trading companies, such as Jardines and others.

COMMERCIAL VEHICLES

Table listing commercial vehicle companies, including Leyland and others.

COMPONENTS

Table listing component manufacturers, such as Lucas and others.

GARAGES AND DISTRIBUTORS

Table listing garage and distributor companies, including British Rentacar.

NEWSPAPERS, PUBLISHERS

Table listing newspaper and publishing companies, such as News International.

PAPER, PRINTING, ADVERTISING

Table listing paper, printing, and advertising companies.

SHIPPING

Table listing shipping companies, including British Overseas Airways.

SHOES AND LEATHER

Table listing shoe and leather companies, such as Clarks and others.

SOUTH AFRICANS

Table listing South African companies, including Anglo American.

TEXTILES

Table listing textile companies.

FINANCE, LAND, etc

Table listing finance and land-related companies.

OIL AND GAS

Table listing oil and gas companies.

MINES

Table listing mining companies.

PLANTATIONS

Table listing plantation companies, such as Guthrie & Co.

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REGIONAL & IRISH STOCKS

Table listing regional and Irish stocks, including Anglo Irish Bank.

TRADITIONAL OPTIONS

Table listing traditional options, such as FTSE 100 and others.

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Table listing Irish stocks, including Anglo Irish Bank.

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LONDON STOCK EXCHANGE

Strong advance in equities led by heavy trading in BP but Gilt-edged quiet

Account Dealing Dates... First Dealings... Last Dealings... Account Day... Signs of a slackening of upward pressures on sterling touched off a strong rise in the UK equity market yesterday afternoon.

investors who have been active earlier in the week... Other oil stocks also blazed higher as a rise in crude oil futures in New York encouraged the re-rating of oil reserves.

FINANCIAL TIMES STOCK INDICES table with columns for Mar 10, Mar 9, Mar 8, Mar 7, Mar 6, Mar 5, Mar 4, Mar 3, Mar 2, Mar 1, 1987/88, and Stock Completion.

"A" gained a similar amount to 306p... Allied-Lyons went better late to close 7 1/2p at 97 1/2p but turnover was only 1.3m shares.

The partial offer for a 28.5 per cent stake in Systems Reliability at 150p in cash from Hillside Investment Trust and Systems recommended offer for Fletcher Denny's closed 4 off at 40p.

The outlook for the pound was beginning to worry both the City and also the Confederation of British Industries... Equities opened lower as sterling at first edged above its overnight rate against the German mark.

Short-dated Gilts eased very slightly, shedding only about 1/2p... At the longer end, however, losses ranged to 1/2p. Selling was light but some analysts perceived the official reminder that "the paramount object is to keep inflation down" as another indication that domestic interest rates will not be lowered.

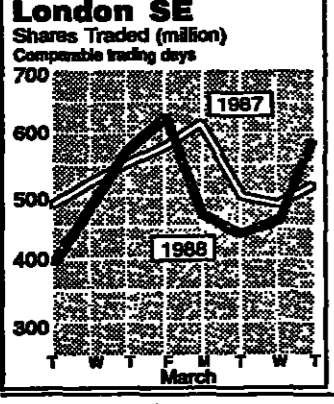
Standard Chartered suffered another mauling as word that one of the leading securities houses was increasing its forecast of the bank's loss for the year prompted a flurry of selling pressure.

British Telecom retained the accolade of having the biggest turnover among the electronics issues with another 8.2m changing hands... The share price, unsettled on Wednesday by word that the sale of the Zodiac subsidiary could well be imminent.

Enthusiasm for Scottish & Newcastle spilled over to leading Brewery issues, although volume generally remained moderate... Guinness, which is forming a joint marketing venture in West Germany with Charles Heidsieck, a member of the Beacard group.

Profits news was responsible for good gains in Phoenix, 4 better at 58p... earnings rose from 240p,000 to 23.1m. Cambridge Electrical added 1/2 to 220p and Synapse 10 to 315p.

Traded option business was dominated by BP... The shares attracted another heavy turnover, reflected in traded options in which calls totalling 6,283 were exercised.



British Petroleum shares - in part - paid and fully paid form - were the day's outstanding performers as the heavy demand earlier in the week was easily surpassed by a huge buying programme which saw 47m of the "old" fully-paid and 74m of the "new" partly-paid change hands.

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FT - ACTUARIES INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns for EQUITY GROUPS & SUB-SECTIONS, Thursday March 10 1988, and FT-SE 100 SHARE INDEX.

Table with columns for FIXED INTEREST, AVERAGE GROSS REDEMPTION YIELDS, and PRICE INDICES.

LONDON TRADED OPTIONS

Table with columns for CALLS and PUTS, listing various options like Allied-Lyons, BP, British Telecom, etc.

TRADING VOLUME IN MAJOR STOCKS

Table listing trading volume for major stocks like BP, British Telecom, etc.

RISES AND FALLS YESTERDAY

Table showing rises and falls in various stock categories.

LONDON RECENT ISSUES

Table listing recent issues of stocks and their prices.

FIXED INTEREST STOCKS

Table listing fixed interest stocks and their prices.

"RIGHTS" OFFERS

Table listing rights offers for various companies.

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WORLD STOCK MARKETS

Table of stock market data for various regions including Asia, Europe, and the Americas. Columns include country, stock name, price, and change.

Table of stock market data for Japan, listing various companies and their stock prices.

CANADA

Table of Canadian stock market data, including Toronto and Montreal markets, listing various stocks and their prices.

OVER-THE-COUNTER

Table of over-the-counter market data, listing various stocks and their prices.

Indices

Table of financial indices, including Dow Jones, Nikkei, and other regional indices, with their current values and changes.

CHIEF LONDON PRICE CHANGES YESTERDAY

Table of price changes for various commodities and currencies in London.

TOKYO - Most Active Stocks

Table of the most active stocks in the Tokyo market.

CANADA

Table of Canadian stock market data, including Toronto and Montreal markets.

NEW YORK ACTIVE STOCKS

Table of active stocks in the New York market.

Advertisement for 'Have your F.T. hand delivered in Norway' featuring the Financial Times newspaper.

Advertisement for '12 ISSUES FREE' and 'FINANCIAL TIMES' with contact information.

NYSE COMPOSITE CLOSING PRICES

Table of NYSE Composite Closing Prices with columns for Stock, Price, High, Low, and Change. Includes sub-sections like 'Continued from Page 40' and 'Over-the-Counter'.

AMEX COMPOSITE CLOSING PRICES

Table of AMEX Composite Closing Prices with columns for Stock, Price, High, Low, and Change. Includes sub-sections like 'Over-the-Counter' and 'NASDAQ national market closing prices'.

Advertisement for F.I. hand delivered services, including contact information for Lisboa 887844 and Roberto Alves.

Advertisement for F.I. hand delivered services, including contact information for Lisboa 887844 and Roberto Alves.

SECTION III

FINANCIAL TIMES SURVEY



A strong economic and geographical structure stems from the 1970s boundary changes. The county has real growth,

falling unemployment and spreading affluence, attracting companies which move there for operational and other reasons. Ian Hamilton Fazey reports.

Nearest thing to the South

CHESHIRE IS where the North of England begins. It spreads from the Welsh border to the Derbyshire peaks as though it were a buffer state protecting the Midlands and South from the urban struggles of Merseyside and Manchester.

The comparison with real buffer states is but geographical. There is little deprived, dependent or marginal about Cheshire. The county has its problems, but it also has real growth, falling unemployment and a spreading affluence.

Most of it is green and pleasant. Villages provide tranquility only 40 minutes from the hustle of Greater Manchester. Cheshire is increasingly desirable as a place to live and work. It is worth looking at why.

Part of the evidence of its desirability can be found from the identities of some of the arrivals of recent years. All substantial companies. They include Marconi Space and Defence Systems, New England Business Services, Biond, the National Nuclear Corporation and Gandalf Digital Communications.

On the road between Chester and Wrexham, adjacent to the famous King's School, other new arrivals are setting up in the new Chester Business Park. Here is the headquarters of St Michael Financial Services, the home of the new Marks & Spencer charge card.

Nearby, in a building typical of

the modern, high tech pavilion style of architecture, are the new offices of Shell Chemicals, opened last month by Mr Cecil Parkinson, the Energy Secretary.

Shell Chemicals is possibly the most important company in Cheshire at present for the simple reason that it has moved its headquarters from Trafalgar Square, and is telling everyone about it.

There were, of course, sound operational reasons. The company's main plants are at Ellesmere Port - a few miles away from Chester on the banks of the Mersey - and Carrington, in Greater Manchester. Customers are concentrated in the North-West and West Midlands, so it was logical that the company's 225-staff headquarters should be more accessible physically.

However, in an age of instant-need telecommunications, it did not have to be. A principal reason for moving was the wish to get out of central London. Other locations looked at were the M26 and M4 corridors.

Chester Business Park won because of the total package offered, which included two people from the county council working full-time to smooth things, as well as regional development grant for the specific part of Cheshire involved.

Having made the decision, the company's potentially more difficult problem was persuading staff to move across the North-

South divide. Even in an international company, where senior staff are used to changing jobs and possibly moving every three years, Cheshire's emergence as the nearest thing to the South in the North certainly helped.

There were special briefings and learning weekends, special financial packages to enable some people to buy second properties or others to rent in Cheshire. Cheshire estate agents provided full details of properties for an information room in the then offices at the top of Northumberland Avenue in London.

However, a better perspective on Cheshire comes from an immigrant business which has had longer to assess things. Siemens moved its energy and automation group headquarters and factory to Congleton 18 years ago and has never stopped expanding.

Indeed, the last four years have seen the company's annual growth exceed 20 per cent, especially in industrial automation, systems engineering and associated electronic equipment. Sales are now more than £100m a year.

Congleton, between Macclesfield and Stoke-on-Trent, was chosen for easy access to potential industrial customers in the North and Midlands. A typical contract delivered last year to Shell's Stanlow refinery was the world's largest turbine generator for a catalytic cracker.

The workers it employed in Cheshire were new to advanced electronics but Siemens was hap-

py surprised to find them adaptable and eager.

Siemens moved before Cheshire assumed the shape it is today, which followed the reorganisation of local government in 1974. Cheshire, largely unchanged since the Domesday Book, surrendered urban areas such as Wallasey, Birkenhead, Sale, Altrincham, Stockport and Hyde to Merseyside or Greater Manchester.

In return, it got the county boroughs of Chester and Warrington, the old town of Widnes and a few bits of old Lancashire. Warrington has proved a major gain and is now the most populous of Cheshire's eight districts, with nearly 100,000 people.

Half a generation on from these boundary changes, the effect is beginning to show. They gave the county an economic and geographical structure on which to build real growth.

Warrington's greatest asset is that it is at the junction of the M6 and M62 - within one day's HGV drive from more than 90 per cent of Britain.

Warrington and Runcorn New

corporation, like other New Towns, is being wound up; last month the Carroll Group announced £43m of investment to take over one part of its territory.

The overall result is that combined with a base of well-founded businesses and an influx of new ones, Cheshire is developing a well-balanced economy. There is a wide spread of industries and a broadly-based distribution of businesses by size.

Structurally, this both enables and encourages growth. The contrast is with more narrowly-based economies with a much higher proportion of big companies - Fosseid's is perhaps the most extreme example - which struggle to regenerate.

Cheshire's unemployment was slightly above the national average until the end of 1982 but has moved consistently below it since, despite continuing job losses in traditional industries such as railway engineering at Crewe.

There is a problem of an East-West divide - Macclesfield's unemployment rate is down to 6 per cent, as against 15 per cent at the western end of the county, but Mr Robin Wrenn, the county's chief executive, and Mr Monty Coriwell, the head of employment promotion, hope for improvement.

They believe that the walled Roman city of Chester has yet to fully exploit tourism as a job-creating service industry. Com-

visors. Crewe Business Park is just one of our magnificent sites offering tremendous value for money. All our sites are attractive and competitively priced - sometimes at a tenth of the prices in London and elsewhere in the South of England.

Family life takes high priority in Cheshire; the opportunities, services and facilities in the County make it an ideal place to thrive.

Our historic towns and villages offer superior living at affordable prices. "We now live in a small village - house prices are low and we have been able to pick up a very nice house at a price that would seem almost silly in London terms". A relocated executive.

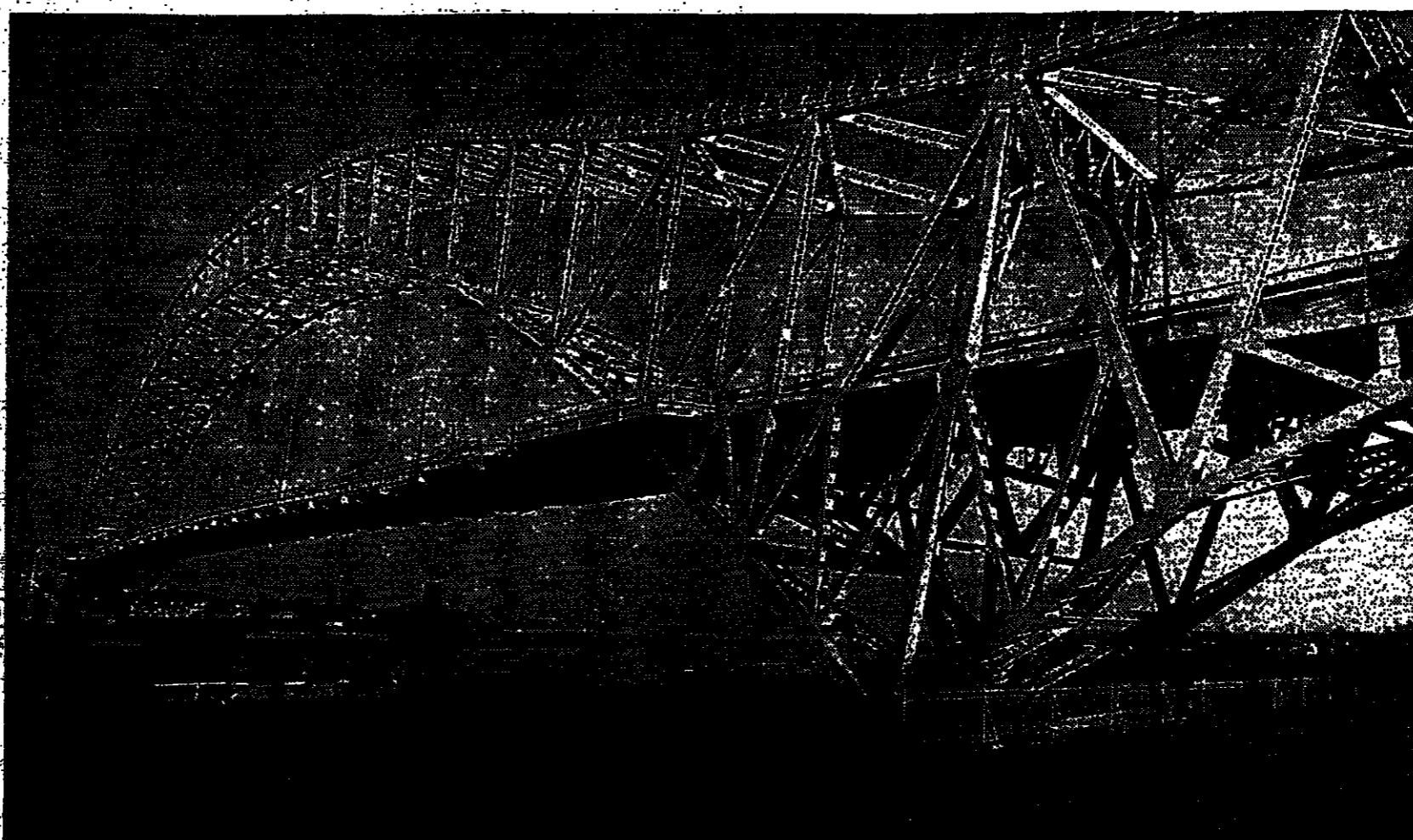
Add to this the choice and quality of shopping throughout the County, first class facilities for sport and leisure and access to nationally-acclaimed standards of arts and entertainment and you see why so many companies choose Cheshire.

It's the high value County that's right for business, right for living and right for you.

Contact Roger Lowe, Employment Promotion Group, Commerce House, Hunter St, Chester CH1 1SN or ring Chester (0244) 603156. Fax (0244) 603802. Telex 61347.

We really do mean business.

Cheshire County Council



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Major industries: healthy diversity of big and small companies
Planning: living in atmosphere of constant change 2

East-West divide: region of affluence and land reclamation
The environment: old buildings listed with enthusiasm 4

Property: strong focal point for development

Tourism: growth potential after years of scepticism 5

Small businesses: success for on the spot advice

Chester: city of conservation and development grants 6

Pictures: The Runcom to Widnes Bridge, across the River Mersey and Manchester Ship Canal
Roger Taylor

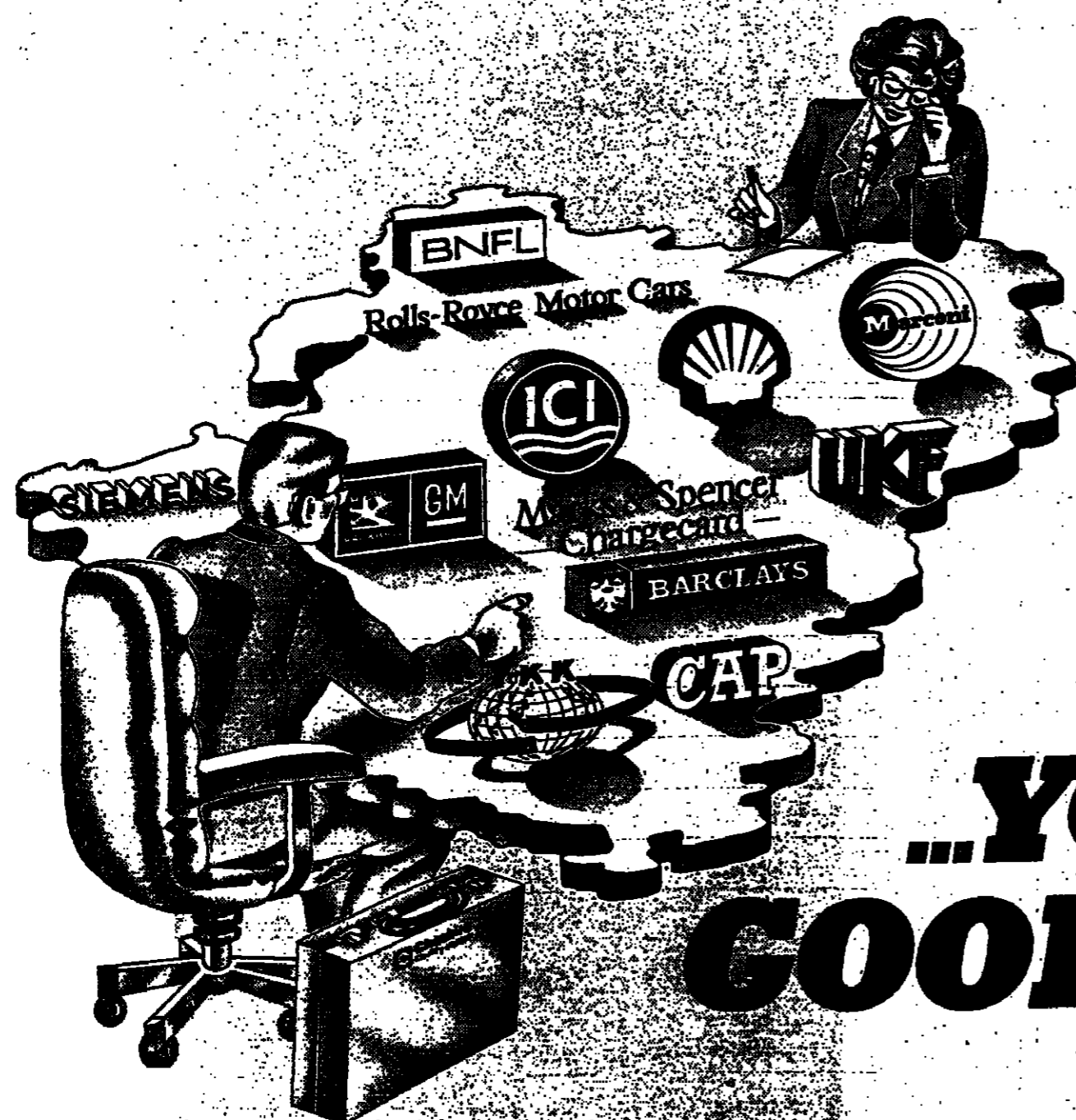
placency years ago - when Cheshire was a traditional shire county saw it lose out to York in attracting and setting up specialised museums and the like.

The change in local government probably did not help either. It made the City of Chester subordinate to the county and created tensions. Others did not like being lumped in with old Lancashire towns such as Widnes and Warrington.

However, half a generation has gone by and, in political terms, an age has passed. A succession of local political leaders has seen memories blur with time, new faces and a changed national outlook.

Cheshire

CHOOSE CHESHIRE...



When it comes to attracting new industry - and tourism - Cheshire can offer a quality package equal to any in the UK.

But don't just take OUR word for it - ask any of the growing number of companies and leisure interests, many from overseas, who have brought their business into our County during the last few years.

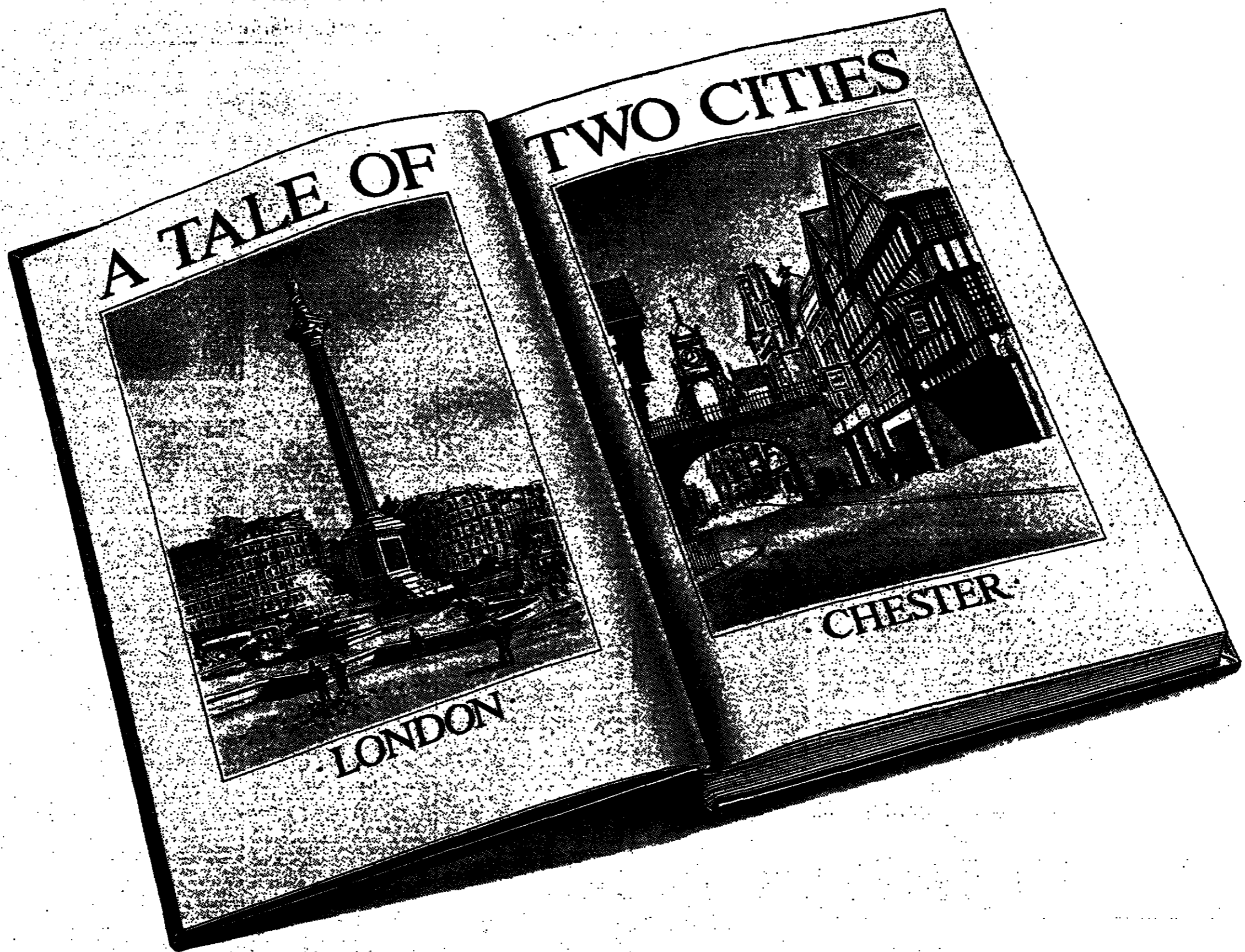
- *Rolls Royce Motor Cars
- *ICI Chemicals
- *St Michael Financial Services
- *The Wellcome Foundation
- *Shell UK Chemicals
- *Siemens
- *Marconi
- *United Peripherals
- *Data General.

Major quality companies taking full advantage of what Cheshire has to offer. And of the hundreds of companies which today form part of Cheshire's powerful, mixed economy, more than 250 come from outside the UK.

Barclays Bank, occupying prestigious premises in the heart of Cheshire's incomparable countryside, recognise our worth: "We have moved from London partly because of the increasing costs of accommodation. It is much cheaper here in Cheshire" - A Barclays Bank executive.

A successful and attractive location such as Cheshire offers an extensive range of sites and premises for business and industry and tourism opportunities for both investors and

...YOU'LL BE IN GOOD COMPANY



A moving story from Shell Chemicals.

The movement of Shell Chemicals from central London to the Chester Business Park is the beginning of a new chapter in the Company's history. It's all part of a long-term business strategy and a programme of investment designed to equip the Company for the challenge of the future.

Shell Chemicals' manufacturing bases at Stanlow Refinery near Ellesmere Port, and Carrington outside Manchester already make a major contribution to the economy of the North-West. With its Head Office now located within easy reach of these sites, the Company's sales, marketing, distribution and manufacturing activities can be more unified in purpose and responsive to market demands.

The move has enabled Shell Chemicals to custom build an open working environment which accommodates the latest information technology and promotes team-work and the interchange of ideas. Heronbridge House is such an environment and its design and layout greatly improve the Company's ability to provide a more efficient level of customer service.

On another level, the North-West provides an infrastructure of communications and business support which is necessary to sustain the many services a company like Shell Chemicals needs to run its business.

While, in the city of Chester and the surrounding regions, over 220 Company employees and their families can look forward to a new quality of life in an environment which provides most of the facilities and amenities one could wish for.

In less than 18 months, Heronbridge House has become the Head Office of a Company with a turnover of over £600 million, a portfolio of around 2,100 products and a customer base of 2,800.

For North-West business and the region in general this is a story with a very happy ending indeed.



Shell Chemicals

SECTION IV

FINANCIAL TIMES SURVEY

Although confidence in London's property market has taken a knock since the stock market crash, there is

still a shortage of commercial space in the West End. This has encouraged development to spread outwards to Victoria and north of Oxford Street, writes Paul Cheeseright

Behind the billboards

"SELL CITY. Buy West End" is a piece of advice often to be heard on the lips of the property pundits these days. Like all such slogans, it has enough validity to sound attractive, but not enough to be absolutely convincing.

Yet it does reflect the bounding values of the West End and Victoria on the one hand and the psychological unease that has been evident in the City of London since the stock market crash last October. Having said that, it is worth noting that there were development companies quietly withdrawing from the City and concentrating on the West End even before the stock market crash.

One result of the higher rents and the rising capital values of West End property has been to narrow the traditional differentials between the West End and the City. It is now becoming more accurate to speak of a Central London market, made up of different districts, with footloose companies, financial or otherwise, looking for buildings which suit their convenience somewhere within that wider compass.

One of the distinct characteristics of the West End is that it does not have a huge stock of the large buildings which the construction boom in the City has been devoted to providing. Rather it is a fragmented area,

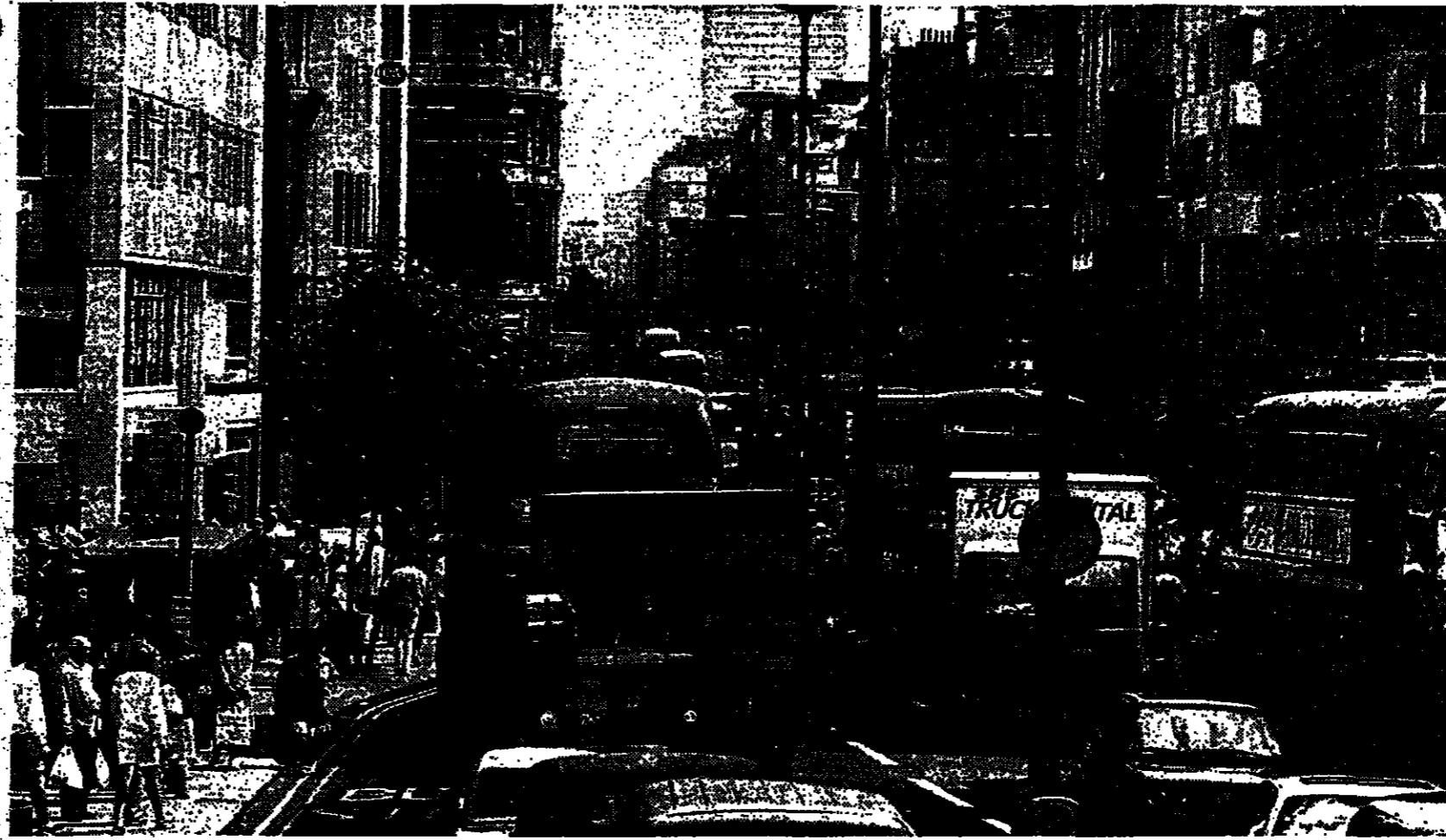
traditionally providing space in smaller lots. And this is inevitable, given the big stock of listed buildings whose use has changed over the last century from opulent homes to office suites.

This quality gives the market a degree of diversity and protection which is unavailable for large footprint buildings in the City. But where there is a large building in the West End - Land Securities's Devonshire House or Legal and General's Lansdowne House, for example - then there is precious little difference between the rental performance that is now expected and what has been happening in the City.

Devonshire House rents have doubled in the last two years and are pushing towards £50 a square foot. Legal and General is expecting rents of around £50 a square foot at Lansdowne House, now being marketed. These are the sort of rents that would sit quite happily in the core of the City.

But there is another side to this and it has come through clearly in the decision of Dares Estates and Shaftesbury to back away from their plans for a 160,000 square foot re-build of the old Crown Agents building in Westminster and sell the building on to Anders Nissen of Sweden.

Not having the resources of a group like Land Securities to nurse the market, Dares Estates



West End and Victoria Property

decided that the costs involved in the redevelopment were too high to risk in the light of the expected increase of space on the Central London market.

Here, then, was a note of caution, not for this year or even next but for 1990 and beyond. Legal and General can play the market now. Dares Estates has to play it later. And it makes the point that the West End section of the market will not be immune to the effects of a whole new stock of buildings in the City, in London Bridge City, in London Docklands and in the West End and its immediate periphery.

As far as the West End and its periphery are concerned, this is not just a question of replacing old stock, as with Land Securities' redevelopments of the Grand Buildings at Trafalgar Square or Stag Place at Victoria, or on a smaller scale, the Kumagai Gumi redevelopment of Distillers House in Mayfair.

It is also a question of the new development possibilities which have opened up with the Greycoat schemes at Victoria and Charing Cross stations, with the

Grainhurst construction at Paddington goods yard, with the plans of the British Waterways Board for Paddington Basin or those of British Rail Property Board at King's Cross.

All of this indicates the intense activity which has been taking place in and around the West End. But there is some indication that the stock market collapse will give some of this activity a different quality from that which it had until last October.

The feverish bull market and the readiness of investors to absorb the paper that property companies were putting out with such abandon spun off into the West End. The ability of the property development and trading companies to lay their hands on ready supplies of cash inevitably pushed prices upwards. It encouraged a strong speculative element in the market, so that some buildings were changing hands three or four times, each price higher than the last.

That sort of froth on the market has largely been wiped off, so that the field has been left clearer for the more serious play-

ers. And it has served to emphasise the pre-eminent importance in the market of the long-standing freeholders like the Crown Estate, the Grosvenor Estate, the Howard de Walden Estate, the BP Pension Fund and, on different scales in the corporate network, of companies like Land Securities, Great Portland, London Merchant Securities, Peachey Property, and latterly Pricest Mariani.

Among the problems which landowners such as these have to face, and they have not become less acute over the years, are the planning dilemmas of, most obviously, the Westminster City Council.

The central dilemma for the council is how to reconcile the need to preserve the historic fabric of the West End that, in terms of tradition and reputation, has made the area a sought-after haven for international companies and a major tourist centre, with commercial development pressure.

The first has inevitably led to the second. The historic reputation and centuries of commercial vitality draw companies in, not

least from the City of London itself. It is often forgotten that the West End with 75m square feet has the country's largest stock of offices.

But the companies, which provide the economic underpinning for the policies of conservation, are becoming more fastidious in their accommodation demands. A year ago, a survey by Richard Ellis, chartered surveyors, found that nearly 60 per cent of West End office users believed they were making compromises on their premises - they were too small, did not have adequate facilities, they were in the wrong place and so on.

Out of this and the buoyancy of the economy come the development pressures. The Westminster City Council cannot meet them all. Whatever it does will lead to antagonism somewhere, whether it be from local voters anxious to keep things as they are, or dissatisfied developers. There simply is not enough space.

This clash of demands will be most clearly evident in coming months over the state of the tem-

porary office consents granted in Mayfair. These consents expire in December 1990, when 1m square feet of space should revert to residential use. The council is handling demands for a continuation of the temporary consents on a case-by-case basis.

Although the council, helped by bodies like English Heritage, is waging a stern conservationist fight, the whole thrust of planning policy has swung towards giving the benefit of any doubt to the developers. This should ensure that the pace of commercial development in the West End is maintained.

At the same time, especially in areas like Savile Row and north of Oxford Street, the new Use Classes Order which does not differentiate between light industrial and office use in the type of activity which may take place in a particular building, will lead to changes in character. Offices and studios are likely to spread at the expense of workshops. It is all a question of who can pay the most rent.

The pace of commercial development does not mean that there

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Planning disputes
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Developers benefit 6

Oxford Street rush hour
photographed by Roger Taylor

will be new buildings scattered over the skyline in the way that has become common in the City. There are not the large sites available. But it does mean, according to Healey and Baker, chartered surveyors, that "just under 6m square feet of new space will have been provided by 1990."

"Most of the new space under development now is limited in size and there are currently only three office developments offering over 100,000 square feet each," Healey and Baker adds.

Side by side with this office activity, the growth of the West End as a domestic and international tourist area has led to an increasingly frenzied search for new hotel space and a subsequent upgrading in the value of those already in existence. This was clearly evident when Park Lane Hotels International of Hong Kong completed in mid-February the purchase of the Portman Hotel for £110m and indicated readiness to spend a further £15m on refurbishment. It was the largest single hotel transaction done in Europe.

But it came on top of acquisitions by companies like Kennedy Brookes and Edwardian Hotels. It followed the disclosure of schemes by, for example, Land-broke to bring the Langham near Oxford Circus, back to hotel use and Imry Merchant Developers to redevelop the St George's Hospital site at Hyde Park Corner as an hotel.

Hanover Druce has noted that, even at the lower end of the market, prices for hotels have been rising fast. One of the factors behind this has been the commercial desire to exploit the willingness of local authorities to pay considerable amounts for bed-and-breakfast accommodation for the homeless.

"Basic rooms in poor locations, provided they are suitable for the homeless, soon command prices of around £80,000 a bedroom," Hanover Druce says. This, then, is the darker side of the vibrancy of the property market, a savage contrast to the other West End residential property market, where prices are higher than anywhere else in the country.

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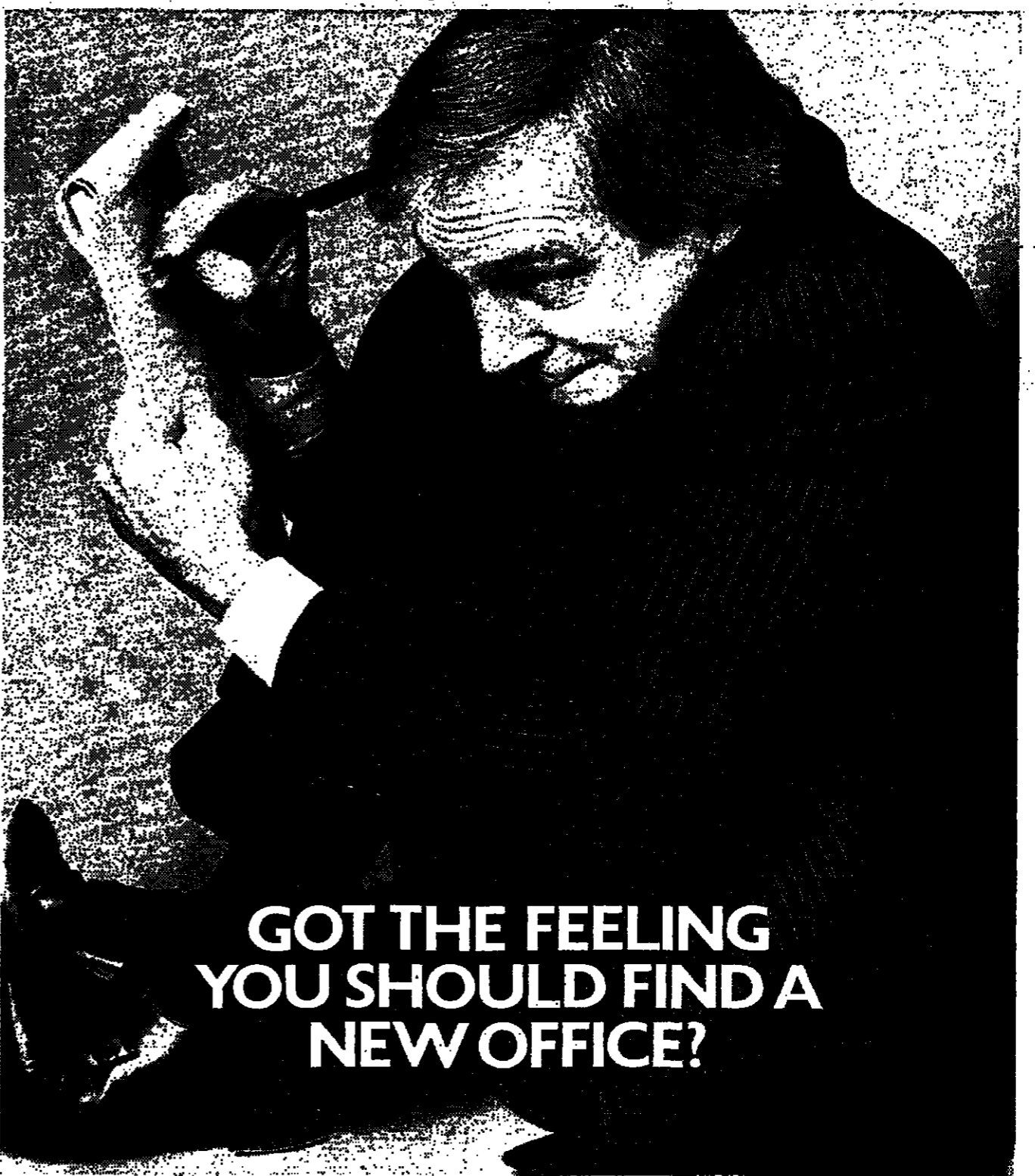
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WEST END AND VICTORIA 2

Landmarks

A gamble pays off

TWO LANDMARK buildings in the West End of London typically the conflicting traumas rippling through the market since the dark days of the autumn share price crash.

Close by the Houses of Parliament, the former Crown Agents building on Millbank has changed hands for the third time in six months. Just before Christmas Mr Peter Levy, chairman of joint developer Shaftesbury, was boasting that redevelopment would be a roaring success because demand was outstripping supply.

He seemed confident it was worth every penny of the £22.5m paid last summer to Raleigh Enterprises, which had been set to develop an hotel. New plans were laid to create 150,000 sq ft of offices behind the Edwardian facade instead.

"Interest already being expressed by potential occupiers may place a premium value on the building when completed in 1990," he said.

Mr Levy is no beginner in these matters; he was head of the UK's second largest development company, Stock Conversion, until it was taken over by P & O. But the major development partner, Dares Estates, with 70 per cent of the building, had different ideas.

By February, Mr Ervin Landan, its chairman, was announcing a profit of £3.5m from the

resale to Anders Nisses, a Swedish property group. Mr Landan was worried by the £80m development cost in the light of an increasing supply of office space coming on stream in the early 1990s.

Many agents agree with Mr Levy that there will be too little rather than too much space in future, in spite of potential new supply, and rents will soar. But it is developers such as Dares which have to decide whether to gamble their money.

Legal & General Assurance took a gamble on another landmark development, Lansdowne House, which towers over Berkeley Square. It could have been pre-let at a record breaking £40 a sq ft more than a year ago, as the 176,000 sq ft building was the biggest new block in the West End at a time when financial groups were desperate for such space.

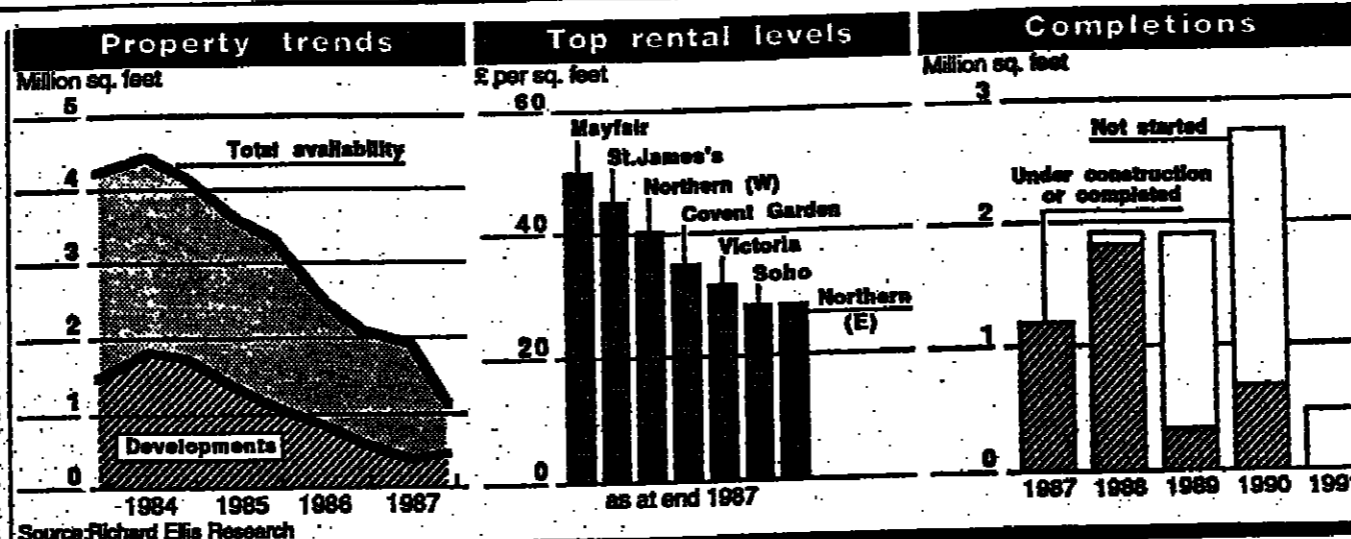
But the developer refused to let it go. The stock market crash came and went but the joint agents, Weatherall Green & Smith and Richard Ellis, are now listening to offers of around £30 a sq ft. And it is not just financial groups making the running but professional companies seeking space from 8,000 sq ft upwards.

The gamble looks set to pay off handsomely.

David Lawson



Shaftesbury's chairman Peter Levy (l) with director Jonathan Lane



Source: Richard Ellis Research

Portfolio deals have become more hard-headed since Black Monday

This year's big players will be the overseas investors

LAST YEAR was a blur for West End property investors as stock market paper flew like confetti in a wild binge of buying and selling. Capital values had soared by as much as 50 per cent by the time Black Monday brought the circus to a halt.

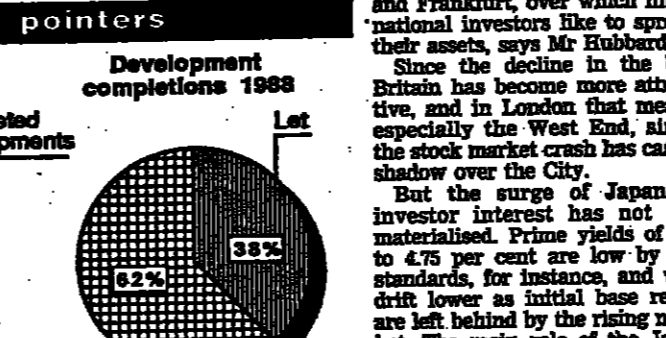
Now the field is much clearer, and the remaining players are taking a quiet breather while they assess the future. But there are still plenty of buyers around, encouraged by continuing rental growth and expansion of the non-financial sector.

Even if the big portfolio deals by companies such as Mountleigh and Priest Mariani are excluded, the value of investment transactions boomed by almost three-quarters in 1987 to nearly £1bn according to Richard Ellis. The main thrust came from property trading companies, as institutions remained disenchanted with the prices being paid.

"They probably got it wrong," says Mr Alan Hubbard of Richard Ellis. "But the market was getting crazy and it was increasingly difficult to find sensible deals."

Funds are finding it hard to pay Central London prices. An office block will cost £10m to £15m, which is about half the total value of the average investment fund.

Since the crash, however, some



Source: Richard Ellis Research

funds have stepped in to pick up buildings as property companies have been forced to sell assets. Others have slimmed down their property holdings to bring them back into a sensible relationship with devalued equity portfolios.

For the first time in 18 months the West End market is seeing a more rational approach to investment and a wider variety of stock, the agents say.

Development rather than trading will be the driving force of 1988, with UK institutions

looking for long-term investments - perhaps outside established areas. But they will usually be restricted to smaller lot sizes.

The big players will be overseas investors, who will not blink at big price tags and are likely to have an almost exclusive run at anything at the top end of the market. Schroders of Australia World Property Fund, for instance, paid £12m for Macmillan House in Kensington High Street, while the Crown Agents building in Millbank was snapped up by Swedish group Anders Nisses only last month.

London is part of a global network including New York, Paris

and Frankfurt, over which international investors like to spread their assets, says Mr Hubbard. Since the decline in the US, Britain has become more attractive, and in London that means especially the West End, since the stock market crash has cast a shadow over the City.

But the surge of Japanese investor interest has not yet materialised. Prime yields of 4.5 to 4.75 per cent are low by US standards, for instance, and will drift lower as initial base rents are left behind by the rising market. The main role of the Japanese has been as developers, where they ignore the arithmetic of yields in a drive for construction work.

Kumagai Gumi took a healthy profit from the Bourne redevelopment on Oxford Street and can look forward to a big capital uplift in its Distillers House scheme. Meanwhile, De Groot Collis is marketing 15,000 sq ft in New Bond Street developed by Shimizu, the first speculative site completed by a Japanese without a British partner.

Other overseas investors seem set, however, to more than make up any reluctance by UK and Japanese investors. And with large developments planned for Victoria, Paddington, Marylebone and Kings Cross, it is likely that foreign funds and banks will continue to play a starring role in the West End.

David Lawson

Planning disputes Hot potato of 'temporary' offices

IT IS not surprising that planning disputes in the West End are a running sore that refuses stubbornly to heal. The roots of conflict are obvious in the City of Westminster, which makes up the heart of the area.

On the one side are the needs of a politically active community of almost 200,000 people and the conservation problems of 10,000 listed buildings. On the other is one of the world's most important office, shopping and tourist centres, bursting with demand for more elbow-room.

The fact that they are all competing for the same space makes the likelihood of peaceful co-existence remote. The local authority inevitably finds itself caught between a rock and a hard place, trying to respond to its resident voters but also realising that business pays the bulk of its rates - at least until finance reforms come into force in a couple of years.

Mr Sydney Sporie, the new planning director, beleaguered by a hefty report from the Chamber of Commerce attacking restrictive policies, now finds himself under pressure from a grouping of the biggest developers in the Westminster Property Owners' Association.

This has firmly set out its stall by picking out conservation policies, delayed planning applications and the problems of temporary office permits as major issues for concern.

Conservation complaints, argues Mr Sporie, could best be aimed at the Government, which lays down the rules and responsibilities for preserving buildings. When you have more historic material than the whole of Bath cluttering up the place, room for manoeuvre can be limited.

Delays in processing planning applications brought Westminster into a clutch of councils criticised by Mrs Marion Eas, the junior Environment Minister. But one Westminster solution - to charge for consultations with planning officers - may not be exactly what developers would choose.

One of the conditions of Mr Sporie's appointment, however,

was to speed up the efficiency of handling applications to bring most within the statutory eight weeks. But with 6,000 applications coming in each year, including many complex commercial developments, the room for improvement will be less than with other councils.

Delays caused by political manoeuvres of the opposition Labour group in protest at council housing policies may also prove outside his control.

Waters have also been muddied by uncertainty over changes in the district plan governing Westminster. A public inquiry due last November into the proposed alterations was cancelled by the council, partly to give time to consider the new use classes order, which enables light industrial space to be upgraded to offices.

The council remains generally opposed to new offices, according to planning specialists Montagu Evans. It recently removed the light industrial content from the development brief for one of its own sites in Grosvenor Road because it did not want to see a transformation to offices.

But the hottest potato in the planning field is the fight between office landlords and tenants on one side and the council and residents' groups on the other over the future of about 1m sq ft of Mayfair buildings granted temporary office consent since the war.

Planners and residents say that these must revert to homes to prevent a further fall in the population. Owners and tenants want a compromise, saying the policy is unrealistic. Piquantly, it is the Park Lane headquarters of MEPC, one of Britain's biggest developers, that could bring the matter to a head, says Montagu Evans, which acted for MEPC on an appeal against refusal to continue office use.

The Government will have to make up its mind which side to back. Either way, it could end up with some powerful critics in Westminster.

David Lawson

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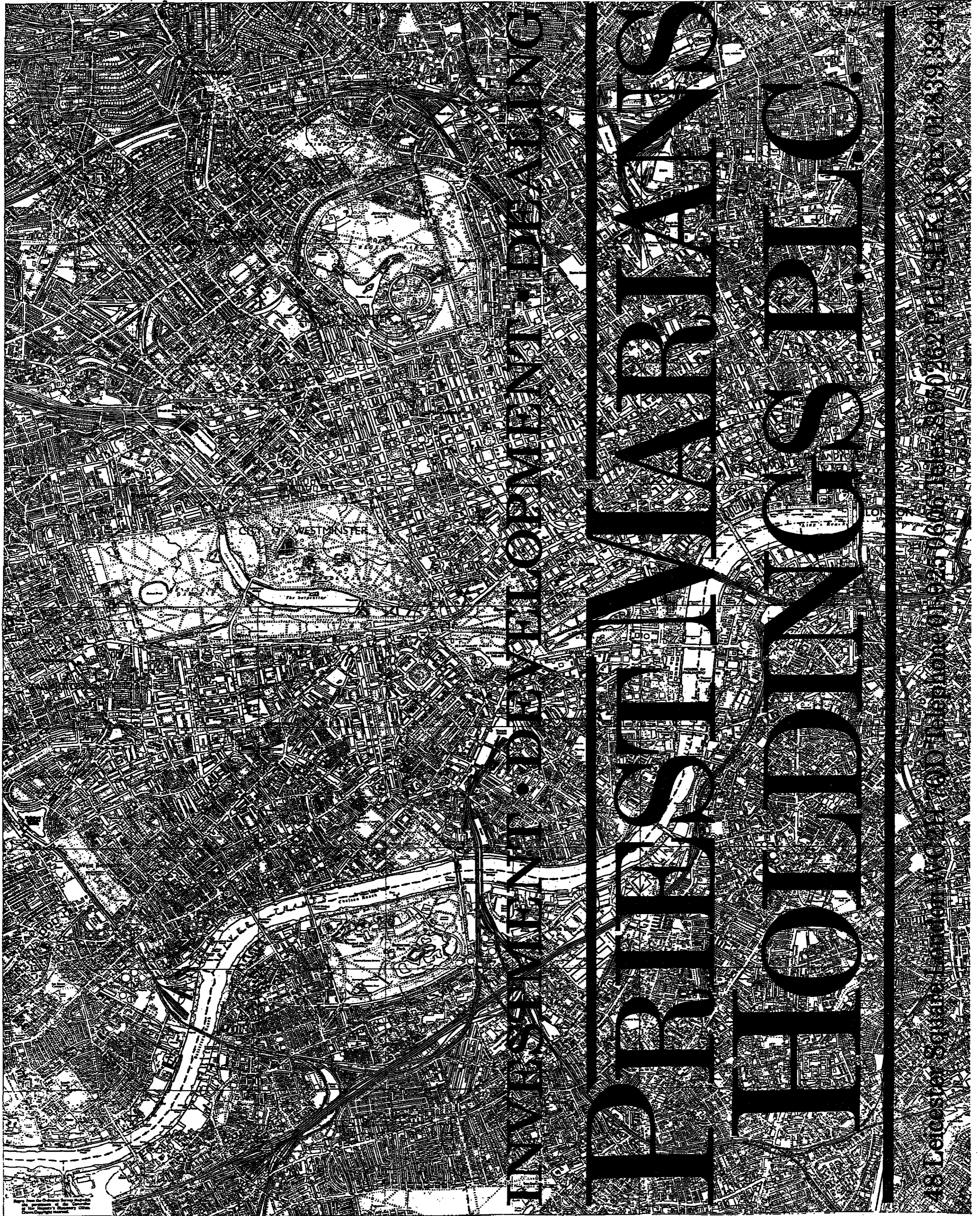
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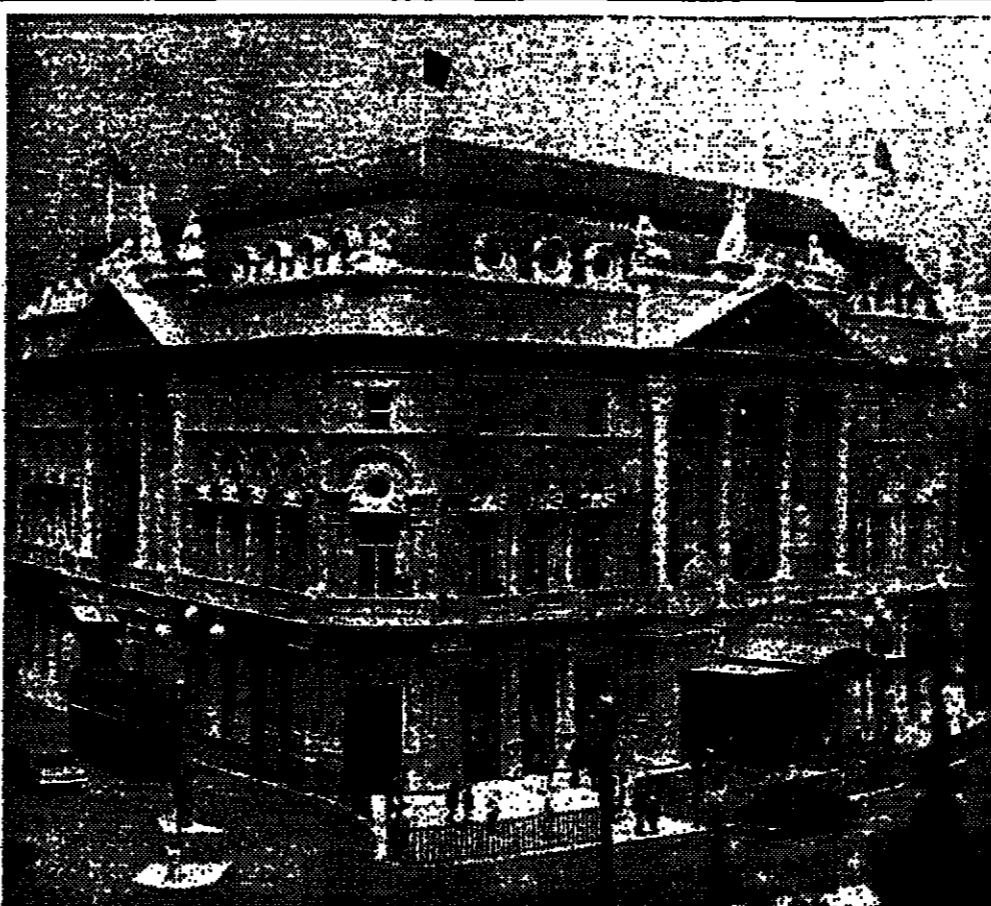


pendina

WEST END AND VICTORIA 5



Scenes of commercial life: a trio of traffic wardens caught on the beat in Oxford Street, a model of the new London Pavilion at Piccadilly Circus and situated above London's busiest travel interchange, Victoria Place which, according to the Heron Property Corporation, offers an innovative style in shopping centres



The retail sector is booming with record rents and premiums being regularly broken

When it comes to retailing, these are the places to be

THE CONTINUING consumer boom, fuelled by an improving economic situation and readily available credit, has resulted in increasing demand for prime shop accommodation throughout Central London. Even Black Monday has yet to take a toll on the booming retail sector.

THE WEST END

After some years of doubt, the past 12 months has reconfirmed the West End as Europe's premier retail area. Demand is running higher than ever before and, says the Hillier Parker Investors Chronicle Rent Index, Central London retail rents are growing at almost 30 per cent a year. Record rents and premiums are regularly being broken.

At the heart of the West End's success is, of course, Oxford Street with its prime pitch to the west of Oxford Circus. Just a year ago Healey & Baker and Bernard Thorpe let a Neale House/CIS redevelopment at 472-474 Oxford Street to Peter Lord, H Samuel and Bally Shoes at a new high for Oxford Street equating to £275 a sq ft in Zone A.

At the time many people thought the figure was too high and, with few other new units coming onto the market, it was difficult to prove otherwise.

In February this year, however, the level was more than justified when the old Everton shop at the corner of Gilbert Street was let by the Grosvenor Estate. More than 12 retailers bid for the

shop, which was won by Jean Jeanie paying a rent which equates to a £200-£225 a sq ft.

More recently, the Grosvenor Estate went out to rental tender on the former Barclays Bank unit at 449-451 Oxford Street. Market rumour has it that the shop has been let to Laura Ashley at about £340 a sq ft (Zone A).

Rents on existing units have been at a discount because of the lack of evidence to justify large increases at reviews or lease renewals. As a result high premiums - almost entirely made up of key money - have been paid on assignments even with rent reviews imminent.

First signs of this came with the sale by Hillier Parker of the Benetton unit at the corner of Oxford Street and Swallow Place back in February 1987. Sock Shop paid £440,000 for the lease which carried a passing rent of £129,000 a year, reviewed in the March to over £220,000 a year.

Later in 1987 massive new premium records were set. Fizzax, the Coca Cola clothes concession, for example, paid £1m for the lease on 356 Oxford Street months before the rent was to be reviewed. A similar price is believed to have been paid by Sock Shop for the old Lady Lisa unit at 435-437 Oxford Street.

Oxford Circus to Tottenham Court Road has traditionally played poor relation to its westerly counterpart. In the early 1980s it resembled an oriental

bazaar, with shops selling cheap fashion clothing and tourist "tat" spilling their wares out onto the pavement. West improvements have been made since then. These shops are still there, but in fewer - and declining - numbers as unsatisfied demand for western Oxford Street is pushed east.

The rest of the West End has also been on the up and up. Rents in the best pitches on the east side of Regent Street, close to Oxford Circus, have moved towards £150 a sq ft in Zone A. At the same time physical improvements to both Argyll Street and Peachey's Carnaby Street have led to growth in demand for these two streets as well.

Meanwhile, in the better parts of Piccadilly rents are touching £100 a sq ft in Zone A. Throughout the West End premiums of £250,000 have regularly been achieved.

There is little evidence to suggest that demand for shops in Central London has been seriously affected by last year's stock market slump. Even Bond Street and South Molton Street, which many people feared would be among the first to be abandoned, are still in demand. Wealthy shoppers, have yet to suffer.

Healey & Baker recently let Lynton's development at 9 New Bond Street, opposite Asprey & Co, to Cro Foods at a record rent equating £200 a sq ft (Zone A). A similar figure has been achieved in South Molton Street.

However, it takes at least six months for economic changes to work their way through to the retail sector and much will depend on London's tourist success this year. A combination of the stock market's problems and a bad tourist year could check the current retail property boom. Most commentators are confident that overseas visitors will be out in force, but are keeping a close eye on the week US dollar.

Whatever happens, the top premiums achieved in the last year are unlikely to be repeated. Lettings will provide plenty of evidence for substantial rental increases at reviews in most West End streets, pushing some retailers out altogether. Other retailers, with longer periods before review, may well decide to sell up and take at least some of the value from their leases. Increased supply will inevitably lead to a drop in prices.

At the same time, some quoted retailers are cautious about paying very large premiums - for which they have to borrow against asset values reduced by the slump.

At least one Oxford Street lease currently on the market at a premium of over £1m is rumoured to be finding few takers and this trend will work its way down through the West End's retail hierarchy over the next year.

The last few years have seen a number of enclosed shopping centres developed in the West End. It is the first time that such developments have been undertaken on any scale in Central London and, for the most part, they have yet to fulfil their true potential.

Among the earliest schemes to get under way were the WI Centre at Bond Street and the ESN's Trocadero at Piccadilly Circus. Both were launched at a bad time in the Central London retail market and, as a result, had a shaky start, although they have improved considerably since.

The Trocadero's new owners, Brent Walker, paid £90m for the development and an adjoining site in September 1987. They now have plans for more retail and leisure projects which should further strengthen that scheme.

The redevelopment of the former Swan & Edgar store to create the Centre at the Circus also had a fairly slow start. Most of the space was eventually taken by Tower Records, which is trading very successfully, as are the four unit shops with Regent Street frontages. However, the units at the underground station level have been less successful and some have already changed hands.

Also at Piccadilly Circus, Grosvenor Square Properties and Kennedy Brookes' London Pavilion may prove the making of the whole area. The £20m multi-level speciality and leisure scheme, which has been funded by Security & Pacific, comprises 23 small shop units, restaurants and "The Rock Circus", a new Tusaud Group venture.

Letting agents, Edward Erdman and Anthony Green & Spencer report great interest in the shops, with more than 30 per cent already in solicitors' hands. The likes of Scribble, Body Shop, Knickerbox, Just Shirts, Sock Shop and the French fashion chain Ma'Naf.

The Pavilion will complete the underground concourse linking it to the Trocadero, the Centre at the Circus and the underground station. It should prove a great boost to the existing centre.

Glengate's redevelopment of the Bourne store to create the Plaza on Oxford Street is another scheme which has had problems. The scheme, which is now headed by W H Smith's only Oxford Street store and the Eject Shop, has attracted good quality fashion retailers including Warehouse, Pied a Terre, Ton Sur Ton, Golden Rifle, Knickerbox and, most recently, the Gap. However, the delay in opening the basement level food court has detracted from the scheme and it has taken some time to let some of the units.

Healey & Baker is currently marketing the second floor of the Plaza, with more than 30 per cent already let. A money-changer and a travel agency have agreed to take space.

There is undoubtedly room for more enclosed shopping centres in the West End, but they need careful targeting. There are a few others currently in the pipeline, including Neale House/CIS' Bond Street Arcade which following a long and troubled planning history is at appeal again and Brodero/Crown Estate's plans for a £100m sq ft speciality centre at 172-186 Regent Street. Neither will be in business until well into the 1990s.

VICTORIA

When it comes to retailing, Prime Victoria is undoubtedly the best pitch between the station and the Army & Navy department store. But it is such a good pitch that retailers rarely move out and relatively few deals are done.

Last year Healey & Baker bought in 10 Kingsgate Parade for landlords Land Securities and relet it to Next at a rent of more than £70 a sq ft (Zone A). This figure is already considered historic and many commentators believe that £100 could be achieved if a unit was now available.

With new leases a rarity premiums have also increased. Hillier Parker and Chesterton, for example, sold the lease on 165 Victoria Street to Athena for £90,000.

With such a tight market the success of Victoria Place, Heron's new shopping centre above Victoria Station should not perhaps have come as too much of a surprise. However, sandwiched at first floor level between railway platforms and the Victoria Plaza office development the scheme seemed certain to have difficult

ties.

But of the 22 units, food court, restaurant and pub developed by Heron all but one unit and the pub was pre-let to quality fashion orientated tenants at rents of up to £70 a sq ft (Zone A). In fact, demand has been so good that the developers, agents Edward Erdman Lanson Mitchenall, have found that they can rent out two broom cupboards as shops.

The scheme also incorporates British Caledonian's check in area, British Rail's Gatwick-Express terminal and provides access from the station to a new taxi rank area.

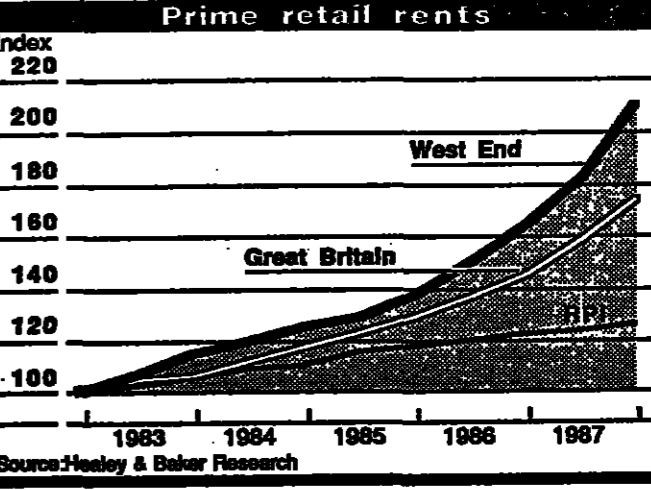
At mezzanine level is London's first food court, which is being run by Trusthouse Forte and is already proving a major draw for the scheme. The restaurant unit

has been taken by Garfunkels and the pub is under offer to Greene King.

Victoria Place draws on a wide range of potential shoppers including those using the railway station or the coach station and the enormous daytime office population. Also, to a lesser extent, it serves the small local residential population.

British Rail originally decided to keep unit 19 for its own occupation, but has since changed its mind and the 1,634 sq ft shop is now on the market through Healey & Baker, which advised British Rail throughout. Trading on the success of the rest of the scheme, rental offers of over £80,000 a year are being sought.

Linda Welch



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WEST END AND VICTORIA 6

Mayfair

Battle of principle over converting offices to homes

GERALD CAVENDISH Grosvenor, the Sixth Duke of Westminster, has determined ideas about the management of his inheritance. The Grosvenor Estate has been around for a long time, springing from William the Conqueror and reaching London more than 300 years ago when "a place of vice and impurities" known as May Fair came into the family.

Changes in the balance of land use tend to be considered with the estate trustees on the same generations-long scale that applies to agriculture: holdings spread half-way across the world. Grosvenor's tenants look to their landlord for protection and support.

Westminster city councillors have equally determined - if differently - ideas about the shape of the new Mayfair. And with a charter that dates back a good 70 years before the Grosvenors made their West End conquest, they show no sign of feeling any less able to speak across generations. Westminster's residents look to their elected representatives for protection and support.

This highly charged clash of wills involves a mere 85 buildings out of 1,000 on the Grosvenor Estate. They are not even the grandest ones, having been largely rebuilt in this century. The trustees want to maintain and

improve them for office use as part of their long-term estate management: the council is fighting for a switch-back to housing.

The problem originated after the last war, when temporary permits were granted to use the homes for offices to help bombed-out businesses. The first batch of permits ran out in 1971 and buildings unsuitable for conversion back to homes were given an extension to 1990. Since then, residential prices have soared, so conversions appear more feasible.

"But changes were happening anyway before and after the war as businesses moved in," says Mr Terry Burcombe, managing director of the Grosvenor Mayfair Estate. "The bombing merely accelerated this. Mayfair now needs business as a land use balance to sustain its unique vitality."

Westminster planners, however, are paying more attention to the fears of residents' groups that this could be the thin end of the wedge, with offices taking over from homes and creating a ghost town after working hours. They are mindful that Mayfair's population has declined by a third since the war.

Mr Sydney Sporie, the planning director, points out that not all these buildings would have to change. More than a third of the first batch remained as offices

because the costs of conversion did not add up. And not all the displaced businesses left the area. But talks have dragged on for three years with only 11 cases sorted out. A recent Chamber of Commerce report on Westminster found that more than 150 businesses in these and other threatened buildings were living under a cloud of uncertainty as the deadline approached. Agents Fuller Peiser stated baldly that there was no way the outstanding disputes could be sorted out in time.

But another big landlord may have found a way to end the battle for Mayfair. Agents Debenham Tewson & Chinnocks have proposed a peace treaty with planners over the 14 buildings owned by BP Pension Fund threatened with loss of business permits. This involves a single planning application to split land use, so half the space remains in office use and the rest converts back to homes.

"We think we can possibly justify a similar mix," says Mr Burcombe, so Grosvenor may yet take the same path towards peace.

One major fly remains embedded in the pintment, however. All the BP tenants' leases end in 1990, so the landlord has the whip hand. Many of Grosvenor's go well beyond this date - some as far as 50 years on.

"We can't guarantee a residential conversion in these cases," he says. The tenant may want to continue business use.

Each tenant has the right to apply on its own - just as property group M&P is doing on its Brook House headquarters - and may win its case after appealing



The Duke of Westminster in his Mayfair office

to the Environment Secretary against planning refusal.

A key part of M&P's argument rests on the financial viability of conversion. Advisers Montagu Evans argued at the public inquiry that the Park Lane building would be left empty because the cost of re-creating homes would be prohibitive.

Grosvenor is also disputing the way Westminster calculates whether conversions are viable. "We find their costs come out at up to 50 per cent less than ours," says Mr Burcombe.

In other words, the council is saying homes can be re-created much more cheaply, even though it sets the final value at the same market level as the owners. Mr Burcombe suspects that Westminster is working on the 30-year life set for public housing, and points out that quality is a vital factor in Mayfair prices.

So while tentative leaders go out for a block planning application to settle this long-standing war, skirmishing is still going on behind the scenes to win the strategic high spots in any appeals to the Government.

Not that the Duke and his trustees want a continuation of hostilities with a council with which they have such close and historic links. But the message comes through strongly that the long-term good of the estate and its tenants comes first. Apart

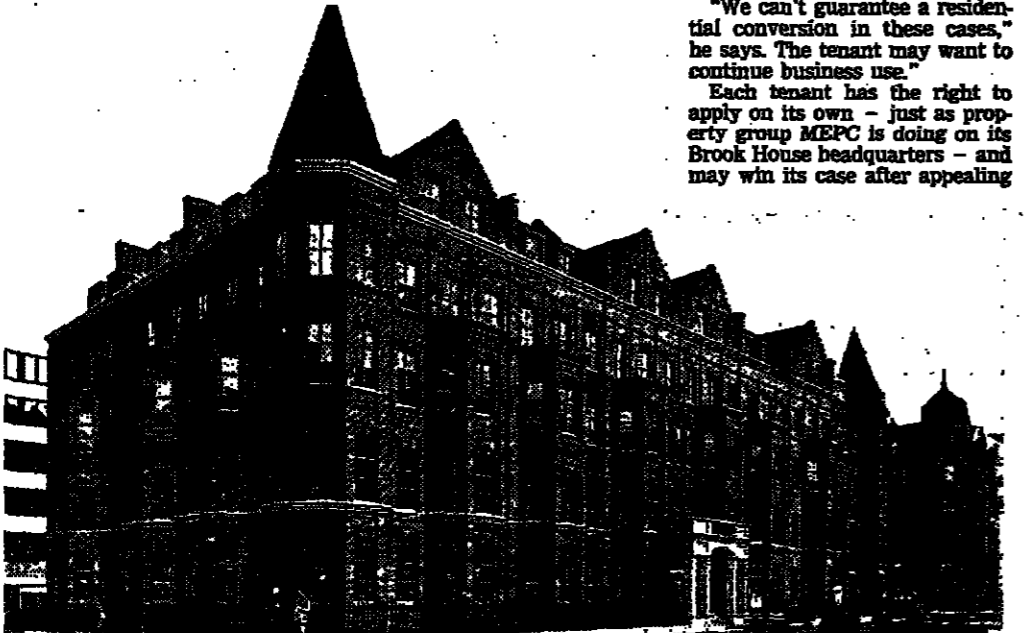
from the detailed costings, money is rarely mentioned.

"We have no idea what the difference is between the value of these buildings as homes rather than as offices," says Mr Burcombe. "We just don't like 'tinkering' with the balance of land use."

He argues that Grosvenor is already promoting new homes in Mayfair, but in the context of balanced development. For instance, the area is desperately short of big office buildings, so it is proposing a 30,000 square foot block in Park Street matched to existing architecture and including eight flats. Two of the blocks to be replaced are part of the dispute over temporary permits, although Grosvenor believes they cannot viably be converted to homes.

Other schemes are already under way, such as two developments in Grosvenor Street where historic blocks have been turned to modern offices and new flats built behind them. A former office block in Aldford Street has just come on the market after being turned into five flats.

This shows that the small battles between planners and landlords can be settled. Many small tenants will be hoping that the war can be settled with a similar compromise.



The proposed redevelopment at 108-114 Park Street, in Mayfair

The developers

Reaping the benefits of a boom in rents

IF 1987 was the year of the property traders, this year will see rewards flowing strongly towards West End owners and developers as they cash in on booming rents.

Land Securities, Britain's largest property company, will benefit more than most, particularly in Victoria, since it is probably the biggest landlord in the area. Among more than 3m sq ft of business and shopping space, its holdings read like a property Who's Who: New Scotland Yard, the Home Office, Westminster Hall and Esso and Mobil Houses are among the best known.

But under the recently rejuvenated management, it also has a strong development programme to supplement the rent collecting role, with something like 350,000 sq ft of planning permissions and more in the pipeline.

Much is concentrated around Stag Place, where a spectacular redevelopment of Eland House designed by Richard Horder has been unveiled. But the existing buildings are already reaping rewards, with recent lettings showing rent increases approaching 100 per cent over last year.

"Victoria office rents have tended to be undervalued," says Mr Ian Henderson, a Land Securities director. The increases reflected the emergence of Victoria as a key office location and central West End demand spilling into the area.

"We were fortunate in being slightly ahead of this trend and last year bought in the head leases on two key buildings - Portland House and Carrier House in Stag Place - where we already own the freeholds."

Rents are now topping £32 a sq ft, such as Gruner & Jahr's lease on 11,000 sq ft of Portland House for £304,000 a year. In Carrier House, six of the nine floors have been let at rents from £21 to £32 a sq ft on short leases outside the Landlord and Tenant Act.

Land Securities also has 1.5m sq ft of space in Westminster, including more than 350,000 sq ft of shops, restaurants and banks and the famous Piccadilly lights and advertising signs. The big Oxford Street shops are turning in record rents because of the retail boom, while the demand for offices is reflected in the turnaround of Devonshire House, Land Securities' 150,000 sq ft flagship block.

Only a couple of years ago the building had to be multi-let at rents of around £22 a sq ft. By last summer that had climbed to almost £40 a sq ft and the latest deal with US architects Skidmore Owings and Merrill reached an equated level of £45.

"This is a record rent for the building and there was keen interest for the space," says Mr Henderson.

Top rents were also achieved for Queens House, a 12,500 sq ft building which exploited the increasing shortages in St James's. Next on the production line is Ontario House, where a pre-let could be lined up for the 16,000 sq ft of air conditioned space.

But giants like Land Securities are not alone in reaping this harvest. Sheraton Securities has doubled its West End portfolio in

Sheraton has deliberately spread its interests from the familiar field of high tech schemes outside London. It sees a strong future in the West End for both small and large headquarter offices, providing the buildings are produced to the highest standard.

Typical of the opportunistic West End property investment and trading groups is Derwent Valley Holdings, which was transformed during the bull market from a railway line operator into a high-flying stock market performer. Its role was to snap up undervalued property such as 37,500 sq ft in Allington Street, or companies like Colebrook and Wilmar, with their West End development opportunities.

Such deals helped double Derwent's net asset value and tripled the share price until Black Monday, as backers were confident of the ability to squeeze extra returns by active management of the properties.

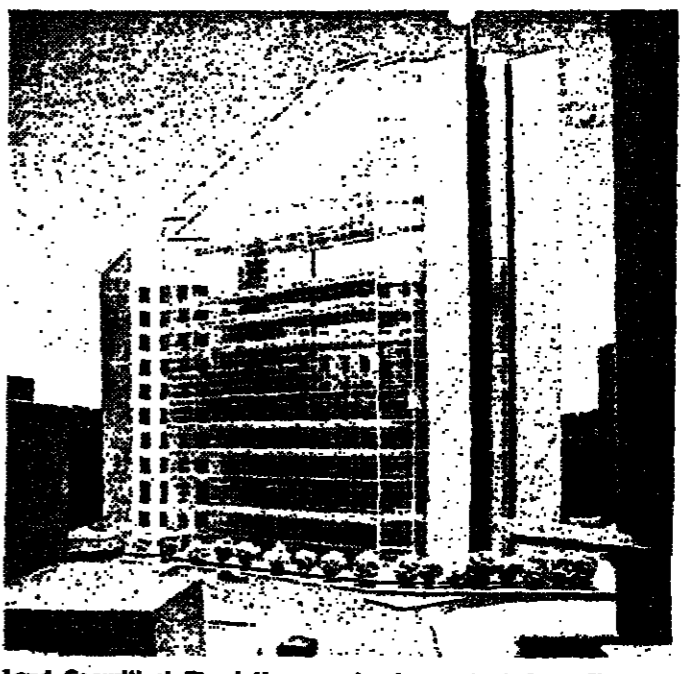
Pickings will not be so easy for these companies in 1988, with little recourse to floating shares to pay for deals. But Derwent has a solid cash reserve and should benefit from the planning changes in the use classes order, which will allow its mixed-use properties to be converted into higher-value business premises.

The emergence of Victoria as a key office location

the last year. It has started developing or acquired 275,000 sq ft of office space including 125,000 sq ft planned for development over the next two years.

The £132m development programme includes an 80,000 sq ft refurbishment of eight buildings in Sackville Street which will be worth more than £25m. In the longer term, planning permission has been sought for 70,000 sq ft of offices further out of the central area on the former British Home Stores headquarters at Enford House in Marylebone Road.

David Lawson



Land Securities' Eland House redevelopment at Stag Place in Victoria: the shape of things to come

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